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109TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
109–231

COLLEGE ACCESS AND OPPORTUNITY ACT OF 2005

R E P O R T

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

ON

H.R. 609

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SEPTEMBER 22, 2005.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOEHNER, from the Committee on Education and the Workforce, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 609]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 609) to amend and extend the Higher Education Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "College Access and Opportunity Act of 2005".

(b) TABLE OF CONTENTS.—

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Sec. 2. References; effective date.

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"Sec. 101. Definition of institution of higher education.
"Sec. 102. Institutions outside the United States.
"Sec. 123. Restrictions on funds for for-profit schools.
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Sec. 105. Alcohol and drug abuse prevention.
Sec. 106. Prior rights and obligations.
Sec. 107. Limitation on Certain Uses of Funds.
"Sec. 124. Limitation on Certain Uses of Funds.
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"Sec. 131. Consumer information and public accountability in higher education.
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"PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

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"Sec. 202. State grants.
"Sec. 203. Partnership grants.
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"Sec. 208. State functions.
"Sec. 209. General provisions.
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Sec. 202. Preparing tomorrow's teachers to use technology.
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"PART C—CENTERS OF EXCELLENCE

"Sec. 231. Purposes; definitions.
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"Sec. 401A. Pell Grants Plus: achievement grants for State scholars.
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Sec. 408. Robert C. Byrd Honors Scholarship Program.

"SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

"Sec. 419A. Robert C. Byrd mathematics and science honors scholarship program.
"Sec. 419B. Mathematics and science incentive program.
"Sec. 419C. Mathematics and science education coordinating council grants.
"Sec. 419D. Authorization of appropriations.
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"Sec. 428K. Loan forgiveness for service in areas of national need.
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SEC. 2. REFERENCES; EFFECTIVE DATE.

(a) 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.).

(b) EFFECTIVE DATE.—Except as otherwise provided in this Act, the amendments made by this Act shall take effect on the date of enactment of this Act.

TITLE I—GENERAL PROVISIONS

SEC. 101. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

(a) AMENDMENT.—Title I is amended by striking sections 101 and 102 (20 U.S.C. 1001, 1002) and inserting the following:

"SEC. 101. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

"(a) INSTITUTION OF HIGHER EDUCATION.—For purposes of this Act, the term 'institution of higher education' means an educational institution in any State that—

"(1) admits as regular students only individuals who—

"(A) meet the requirements of section 484(d)(3), or have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

"(B) are beyond the age of compulsory school attendance in the State in which the institution is located; or

"(C) will be dually enrolled in that institution and a secondary school;

"(2) is legally authorized within such State to provide a program of education beyond secondary education;

"(3)(A) is accredited by a nationally recognized accrediting agency or association; or

"(B) if not so accredited, is a public or nonprofit institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time; and

"(4) meets either of the following criteria:

"(A) is a nonprofit, for-profit, or public institution that—

"(i) provides an educational program for which the institution awards a bachelor's, graduate, or professional degree;

"(ii) provides not less than a 2-year educational program which is acceptable for full credit towards such a degree;

"(iii) provides not less than a 1-year program of training that prepares students for gainful employment in a recognized occupation; or

"(iv) awards a degree that is acceptable for admission to graduate or professional degree programs, subject to the review and approval of the Secretary; or

"(B) is a nonprofit, for-profit, or public institution that provides an eligible program (as defined in section 481)—

"(i) for which the institution awards a certificate; and

"(ii) that prepares students for gainful employment in a recognized occupation.

"(b) ADDITIONAL LIMITATIONS.—

"(1) FOR-PROFIT POSTSECONDARY INSTITUTIONS.—

"(A) DURATION OF ACCREDITATION.—A for-profit institution shall not be considered to be an institution of higher education unless such institution is accredited by a nationally recognized accrediting agency or association and such institution has been in existence for at least 2 years.

"(B) INSTITUTIONAL ELIGIBILITY ONLY FOR COMPETITIVE GRANTS.—For the purposes of any program providing grants to institutions for use by the in-

stitution (and not for distribution among students), a for-profit institution shall not be considered to be an institution of higher education under this section if such grants are awarded on any basis other than competition on the merits of the grant proposal or application.

"(2) POSTSECONDARY VOCATIONAL INSTITUTIONS.—A nonprofit or public institution that meets the criteria of subsection (a)(4)(B) shall not be considered to be an institution of higher education unless such institution has been in existence for at least 2 years.

"(3) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in this section if—

"(A) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution's management or policies) that filed for bankruptcy under chapter 11 of title 11, United States Code, between July 1, 1998, and December 1, 1998; or

"(B) the institution, the institution's owner, or the institution's chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds, or has been judicially determined to have committed a crime involving the acquisition, use, or expenditure involving Federal, State, or local government funds.

"(4) LIMITATION ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subsection (a) if such institution—

"(A) offers more than 50 percent of such institution's courses by correspondence (excluding courses offered by telecommunications as defined in section 484(*l*)(4)), unless the institution is an institution that meets the definition in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998;

"(B) enrolls 50 percent or more of the institution's students in correspondence courses (excluding courses offered by telecommunications as defined in section 484(*l*)(4)), unless the institution is an institution that meets the definition in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998, except that the Secretary, at the request of the institution, may waive the applicability of this subparagraph to the institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

"(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for an institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary certificate, respectively; or

"(D) has a student enrollment in which more than 50 percent of the students either do not meet the requirements of section 484(d)(3) or do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards an associate's degree or a bachelor's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if an institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not meet the requirements of section 484(d)(3) or do not have a secondary school diploma or its recognized equivalent.

"(c) LIST OF ACCREDITING AGENCIES.—For purposes of this section, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part H of title IV, to be reliable authority as to the quality of the education or training offered.

"(d) CERTIFICATION.—The Secretary shall certify, for the purposes of participation in title IV, an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part H of title IV.

"(e) LOSS OF ELIGIBILITY.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in this section for the purposes of participation in title IV if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

"SEC. 102. INSTITUTIONS OUTSIDE THE UNITED STATES.

"(a) INSTITUTIONS OUTSIDE THE UNITED STATES.—

"(1) IN GENERAL.—An institution outside the United States shall be considered to be an institution of higher education only for purposes of part B of title IV if the institution is comparable to an institution of higher education, as defined in section 101, is legally authorized by the education ministry (or comparable agency) of the country in which the school is located, and has been approved by the Secretary for purposes of that part. The Secretary shall establish criteria by regulation for that approval and that determination of comparability. An institution may not be so approved or determined to be comparable unless such institution is a public or nonprofit institution, except that, subject to paragraph (2)(B), a graduate medical school or veterinary school located outside the United States may be a for-profit institution.

"(2) MEDICAL AND VETERINARY SCHOOL CRITERIA.—In the case of a graduate medical or veterinary school outside the United States, such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of title IV unless—

"(A) in the case of a graduate medical school located outside the United States—

"(i)(I) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

"(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

"(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992; or

"(B) in the case of a veterinary school located outside the United States that is not a public or nonprofit institution, the institution's students complete their clinical training at an approved veterinary school located in the United States.

"(b) ADVISORY PANEL.—

"(1) IN GENERAL.—For the purpose of qualifying a foreign medical school as an institution of higher education only for purposes of part B of title IV, the Secretary shall publish qualifying criteria by regulation and establish an advisory panel of medical experts that shall—

"(A) evaluate the standards of accreditation applied to applicant foreign medical schools; and

"(B) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

"(2) FAILURE TO RELEASE INFORMATION.—The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subsection (a)(2) shall render such institution ineligible for the purpose of part B of title IV.".

(b) RESTRICTIONS ON FUNDS FOR FOR-PROFIT SCHOOLS.—Part B of title I is amended by inserting after section 122 (20 U.S.C. 1011k) the following new section:

"SEC. 123. RESTRICTIONS ON FUNDS FOR FOR-PROFIT SCHOOLS.

"(a) IN GENERAL.—Notwithstanding any other provision of this Act authorizing the use of funds by an institution of higher education that receives funds under this Act, none of the funds made available under this Act to a for-profit institution of higher education may be used for—

"(1) construction, maintenance, renovation, repair, or improvement of classrooms, libraries, laboratories, or other facilities;

"(2) establishing, improving, or increasing an endowment fund; or

"(3) establishing or improving an institutional development office to strengthen or improve contributions from alumni and the private sector.

"(b) EXCEPTION.—Subsection (a) shall not apply to funds received by the institution from the grant, loan, or work assistance that is awarded under title IV to the students attending such institution.

"(c) INELIGIBILITY FOR CERTAIN PROGRAMS.—Notwithstanding section 101, a for-profit institution of higher education shall not be considered an eligible institution for the programs under titles III and V of this Act.".

(c) CONFORMING AMENDMENTS.—

(1) Section 114(a) (20 U.S.C. 1011c(a)) is amended by striking "(as defined in section 102)".

(2) Section 435(a)(1) (20 U.S.C. 1085(a)(1)) is amended by striking "section 102" and inserting "section 101".

(3) Subsection (d) of section 484 (20 U.S.C. 1091(d)) is amended by striking the designation and heading of such subsection and inserting the following:

"(d) SATISFACTION OF SECONDARY EDUCATION STANDARDS.—".

(4) Section 486(b)(2) (20 U.S.C. 1093(b)(2)) is amended by striking "102(a)(3)(A), 102(a)(3)(B)" and inserting "101(b)(4)(A), 101(b)(4)(B)".

(5) Section 487(c)(1)(A)(iii) (20 U.S.C. 1094(c)(1)(A)(iii)) is amended by striking "section 102(a)(1)(C)" and inserting "section 102".

(6) Section 487(d) (20 U.S.C. 1094(d)) is amended by striking "section 102" and inserting "section 101".

(7) Subsections (j) and (k) of section 496 (20 U.S.C. 1099b(j), (k)) are each amended by striking "section 102" and inserting "section 101".

(8) Section 498(g)(3) (20 U.S.C. 1099c(g)(3)) is amended by striking "section 102(a)(1)(C)" and inserting "section 102".

(9) Section 498(i)(1) (20 U.S.C. 1099c(i)(1)) is amended by striking "section 102" and inserting "section 101".

(10) Section 498(j)(1) (20 U.S.C. 1099c) is amended by striking "except that such branch shall not be required to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) prior to seeking such certification" and inserting "except that such branch shall not be required to be in existence for at least 2 years prior to seeking such certification".

(11) Section 498B(b) (20 U.S.C. 1099c–2(b)) is amended by striking "section 102(a)(1)(C)" and inserting "section 102".

(d) EFFECT ON OTHER LAWS.—

(1) INCLUSION OF FOR-PROFIT INSTITUTIONS IN DEFINITION.—The inclusion of proprietary and for-profit institutions within the definition of the term "institution of higher education"' in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001) pursuant to the amendment made by subsection (a) of this section shall not apply to any other provision of law (other than the Higher Education Act of 1965) enacted before the date of enactment of this Act that references section 101 of the Higher Education Act of 1965 (or that term as so defined), except as expressly provided by an amendment to, or other revision of the application of, such law enacted after such date of enactment.

(2) INCLUSION OF FOR-PROFIT INSTITUTIONS AS TITLE III OR V ELIGIBLE INSTITUTION.—Any reference in any provision of law other than the Higher Education Act of 1965 to institutions of higher education that are eligible to participate in programs under title III or V of such Act (20 U.S.C. 1051 et. seq., 1101 et seq.) shall not be treated, as a consequence of the amendment to section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001) by subsection (a) of this section, as including a reference to a for-profit or proprietary institution of higher education, except as expressly provided by an amendment to, or other revision of the application of, such law enacted after such date of enactment.

SEC. 102. NEW BORROWER DEFINITION.

Paragraph (7) of section 103 (20 U.S.C. 1003) is amended to read as follows:

"(7) NEW BORROWER.—The term 'new borrower' when used with respect to any date for any loan under any provision of—

"(A) part B or part D of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under either of those parts; and

"(B) part E of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made under that part.".

SEC. 103. STUDENT SPEECH AND ASSOCIATION RIGHTS.

Section 112 (20 U.S.C. 1011a) is amended—

(1) by amending subsection (a) to read as follows:

"(a) PROTECTION OF RIGHTS.—

"(1) It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participa-

tion in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under this Act, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution; and

"(2) It is the sense of Congress that—

"(A) the diversity of institutions and educational missions is one of the key strengths of American higher education;

"(B) individual colleges and universities have different missions and each institution should design its academic program in accordance with its educational goals;

"(C) within the context of its institutional mission, a college should promote intellectual pluralism and facilitate the free and open exchange of ideas;

"(D) students should not be intimidated, harassed, discouraged from speaking out, discriminated against, or subject to official sanction because of their personal political, ideological, or religious beliefs; and

"(E) students should be treated equally and fairly, including evaluation and grading, without regard to or consideration of their personal political views or ideological beliefs.

"(3) Nothing in paragraph (2) shall be construed to modify, change, or infringe upon any constitutionally protected religious liberty, freedom, expression, or association."; and

(2) in subsection (b)(1), by inserting after "higher education" the following: ", if the imposition of such sanction is done objectively, fairly, and without regard to the student's personal political, ideological, or religious beliefs".

SEC. 104. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) MEMBERSHIP.—Section 114(b) (20 U.S.C. 1011c(b)) is amended by adding at the end the following new sentence: "A member of the Committee may continue to serve after the expiration of a term until a successor has been appointed.".

(b) EXTENSION.—Section 114(g) (20 U.S.C. 1011c(g)) is amended by striking "2004" and inserting "2012".

SEC. 105. ALCOHOL AND DRUG ABUSE PREVENTION.

Section 120(e)(5) (20 U.S.C. 1011i(e)(5)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding fiscal years" and inserting "5 succeeding fiscal years".

SEC. 106. PRIOR RIGHTS AND OBLIGATIONS.

Section 121(a) (20 U.S.C. 1011j(a)) is amended by striking "1999 and for each of the 4" each place it appears and inserting "2006 and for each of the 5".

SEC. 107. LIMITATION ON CERTAIN USES OF FUNDS.

Part B of title I is further amended by adding after section 123 (as added by section 101(b) of this Act) the following new section:

"SEC. 124. LIMITATION ON CERTAIN USES OF FUNDS.

"No funds made available to carry out this Act may be used—

"(1) for publicity or propaganda purposes not authorized by the Congress before the date of enactment of the College Access and Opportunity Act of 2005; or

"(2) unless authorized by law in effect on such date of enactment, to produce any prepackaged news story intended for broadcast or distribution unless such story includes a clear a notification contained within the text or audio of such story stating that the prepackaged news story was prepared or funded by the Department of Education.".

SEC. 108. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

Section 131 (20 U.S.C. 1015) is amended to read as follows:

"SEC. 131. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

"(a) PURPOSE.—It is the purpose of this section to—

"(1) provide students and families with an easy-to-use, comprehensive web-based tool for researching and comparing institutions of higher education;

"(2) increase the transparency of college cost, price, and financial aid; and

"(3) raise public awareness of information available about postsecondary education, particularly among low-income families, non-traditional student populations, and first-generation college students.

"(b) COLLEGE OPPORTUNITY ON-LINE (COOL) WEBSITE RE-DESIGN PROCESS.—In carrying out this section, the Secretary—

"(1) shall identify the data elements that are of greatest importance to prospective students, enrolled students, and their families, paying particular attention to low-income, non-traditional student populations, and first-generation college students;

"(2) shall convene a group of individuals with expertise in the collection and reporting of data related to institutions of higher education, the measurement of institutional compliance costs, consumer use of data related to institutions of higher education, general consumer marketing, and college intervention services to—

"(A) determine the relevance of particular data elements to prospective students, enrolled students, and families;

"(B) assess the cost-effectiveness of various ways in which institutions of higher education might produce the data desired by consumers;

"(C) determine the general comparability of the data across institutions of higher education;

"(D) make recommendations regarding the inclusion of specific data items and the most effective and least burdensome methods to institutions of higher education of collecting and reporting useful data; and

"(3) shall assure that the redesigned COOL website—

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

"(B) includes clear and uniform information determined to be relevant to prospective students, enrolled students, and families;

"(C) provides comparable information, by assuring that data is based on accepted criteria and common definitions;

"(D) includes a sorting function that permits users to customize their search for and comparison of institutions of higher education based on the information identified through the process as prescribed in paragraph (1) as being of greatest relevance to choosing an institution of higher education.

"(c) DATA COLLECTION.—

"(1) DATA SYSTEM.—The Secretary shall continue to redesign the relevant parts of the Integrated Postsecondary Education Data System to include additional data as required by this section and to continue to improve the usefulness and timeliness of data collected by such systems in order to inform consumers about institutions of higher education.

"(2) COLLEGE CONSUMER PROFILE.—The Secretary shall publish, for each academic year and in accordance with standard definitions developed by the Commissioner of Education Statistics (including definitions developed under section 131(a)(3)(A) as in effect on the day before the date of enactment of the College Access and Opportunity Act of 2005), from at least all institutions of higher education participating in programs under title IV the following information:

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

"(B) The room and board charges for such a student.

"(C) The cost of attendance for a first-time, full-time undergraduate student, consistent with the provisions of section 472.

"(D) The average amount of financial assistance received by a first-time full-time undergraduate student, including—

"(i) each type of assistance or benefits described in 428(a)(2)(C)(ii);

"(ii) institutional and other assistance; and

"(iii) Federal loans under parts B, D, and E of title IV.

"(E) The number of first-time, full-time students receiving financial assistance described in each clause of subparagraph (D).

"(F) The average net price for first-time, full-time students receiving Federal, State, or institutional grant or loan assistance.

"(G) The institutional instructional expenditure per full-time equivalent student.

"(H) Student enrollment information, including information on the number and percentage of full-time and part-time students, the number and percentage of resident and non-resident students.

"(I) Faculty/student ratios.

"(J) Faculty information, including the total number of faculty and the percentage of faculty who are full-time employees of the institution and the percentage who are part-time.

"(K) Completion and graduation rates, identifying whether the completion or graduation rates are from a 2-year or 4-year program of instruction and, in the case of a 2-year program of instruction, the percentage of students

who transfer to 4-year institutions prior or subsequent to completion or graduation.

"(L) A link to the institution of higher education with information of interest to students including mission, accreditation, student services (including services for students with disabilities), transfer of credit policies and, if appropriate, placement rates and other measures of success in preparing students for entry into or advancement in the workforce.

"(M) Any additional information that the Secretary may require.

"(d) DATA DISSEMINATION.—The Secretary shall make available, at a minimum, the data collected pursuant to this section, including an institution's college affordability index as calculated in accordance with subsection (e). Such data shall be made available in a manner that permits the review and comparison of data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily accessible and understandable and allows parents and students to make informed decisions based on the prices for typical full-time undergraduate students and the institution's rate of cost increase. The Secretary shall work with public and private entities to promote broad public awareness, particularly among middle and high school students and their families, of the information made available under this section, including by distribution to students who participate in or receive benefits from Federally funded education programs and other Federal programs determined by the Secretary.

"(e) COLLEGE AFFORDABILITY INDEX.—

"(1) IN GENERAL.—The Secretary shall, on the basis of the data submitted under subsection (a), calculate a college affordability index for each institution of higher education submitting such data and shall make the index available in accordance with subsection (d) as soon as operationally possible on the Department's college opportunity online Web site. Such index shall be presented in a manner so that the index for any institution is stated in a column or cell immediately adjacent to a column or cell containing the total tuition and fees of the institution.

"(2) CALCULATION OF INDEX.—The college affordability index shall be equal to—

"(A) the percentage increase in the tuition and fees charged for a first-time, full-time, full-year undergraduate student between the first of the 3 most recent preceding academic years and the last of those 3 academic years; divided by

"(B) the percentage increase in the Consumer Price Index—All Urban Consumers (Current Series) from July of the first of those 3 academic years to July of the last of those 3 academic years.

"(f) OUTCOMES AND ACTIONS.—

"(1) RESPONSE FROM INSTITUTION.—Effective on June 30, 2009, an institution that has a college affordability index that exceeds 2.0 for any 3-year interval ending on or after that date shall provide a report to the Secretary, in such a form, at such time, and containing such information as the Secretary may require. Such report shall include—

"(A) an explanation of the factors contributing to the increase in the institution's costs and in the tuition and fees charged to students;

"(B) a management plan stating the specific steps the institution is and will be taking to reduce its college affordability index;

"(C) an action plan, including a schedule, by which the institution will reduce increases in or stabilize, such costs and tuition and fees; and

"(D) if determinations of tuition and fee increases are not within the exclusive control of the institution, a description of the agency or instrumentality of State government or other entity that participates in such determinations and the authority exercised by such agency, instrumentality, or entity.

"(2) INFORMATION TO THE PUBLIC.—Upon receipt of the institution's report and management plan under paragraph (1), the Secretary shall make the institution's report required under paragraph (1) available to the public in accordance with subsection (b).

"(3) QUALITY-EFFICIENCY TASK FORCES.—

"(A) REQUIRED.—Each institution subject to paragraph (1) that has a college affordability index that is in the highest 25 percent of such indexes of all institutions subject to paragraph (1) shall establish a quality-efficiency task force to review the operations of such institution.

"(B) MEMBERSHIP.—Such task force shall include administrators and business and civic leaders and may include faculty, students, trustees, parents of students, and alumni of such institution.

"(C) FUNCTIONS.—Such task force shall analyze institutional operating costs in comparison with such costs at other institutions within the class of institutions. Such analysis should identify areas where, in comparison with other institutions in such class, the institution operates more expensively to produce a similar result. Any identified areas should then be targeted for in-depth analysis for cost reduction opportunities.

"(D) REPORT.—The results of the analysis by a quality-efficiency task force under this paragraph shall be included in the report to the Secretary under paragraph (1).

"(4) CONSEQUENCES FOR 2-YEAR CONTINUATION OF FAILURE.—If the Secretary determines that the institution has failed to comply with the management plan and action plan submitted by the institution under this subsection following the next 2 academic years that begin after the submission of such plans, and has failed to reduce the college affordability index below 2.0 for such 2 academic years, the Secretary—

"(A) shall make available to the public a detailed report provided by the institution on all costs and expenditures, and on all tuition and fees charged to students, for such 2 academic years;

"(B) shall place the institution on an affordability alert status and shall make the information regarding the institution's failure available in accordance with subsection (d);

"(C) shall notify the institution's accrediting agency of the institution's failure; and

"(D) may require the institution to submit to a review and audit by the Inspector General of the Department of Education to determine the cause of the institution's failure.

"(5) INFORMATION TO STATE AGENCIES.—Any institution that reports under paragraph (1)(C) that an agency or instrumentality of State government or other entity participates in the determinations of tuition and fee increases shall, prior to submitting any information to the Secretary under this subsection, submit such information to, and request the comments and input of, such agency, instrumentality, or entity. With respect to any such institution, the Secretary shall provide a copy of any communication by the Secretary with that institution to such agency, instrumentality, or entity.

"(6) EXEMPTIONS.—

"(A) RELATIVE PRICE EXEMPTION.—The Secretary shall, for any 3-year interval for which college affordability indexes are computed under paragraph (1), determine and publish the dollar amount that, for each class of institution described in paragraph (7) represents the maximum tuition and fees charged for a full-time undergraduate student in the least costly quartile of institutions within each such class during the last year of such 3-year interval. An institution that has a college affordability index computed under paragraph (1) that exceeds 2.0 for any such 3-year interval, but that, on average during such 3-year interval, charges less than such maximum tuition and fees shall not be subject to the actions required by subparagraph (B) or (C) of paragraph (1), or any action under paragraph (4), unless such institution, for a subsequent 3-year interval, charges more than such maximum tuition and fees.

"(B) DOLLAR INCREASE EXEMPTION.—An institution that has a college affordability index computed under paragraph (1) that exceeds 2.0 for any 3-year interval, but that exceeds such 2.0 by a dollar amount that is less than $500, shall not be subject to the actions required by subparagraph (B) or (C) of paragraph (1), or any action under paragraph (4), unless such institution has a college affordability index for a subsequent 3-year interval that exceeds 2.0 by more than such dollar amount.

"(7) CLASSES OF INSTITUTIONS.—For purposes of this subsection, the classes of institutions shall be those sectors used by the Integrated Postsecondary Education Data System, based on whether the institution is public, nonprofit private, or for-profit private, and whether the institution has a 4-year, 2-year, or less than 2-year program of instruction.

"(g) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failing to provide the information described in this section in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost and price of higher education under this section and pursuant to the program participation agreement entered into under section 487.

"(h) GAO STUDY AND REPORT.—

"(1) GAO STUDY.—The Comptroller General shall conduct a study of the policies and procedures implemented by institutions in increasing the affordability of postsecondary education. Such study shall include information with respect to—

"(A) a list of those institutions that—

"(i) have reduced their college affordability indexes; or

"(ii) are, as determined under subsection (f)(6)(A), within the least costly quartile of institutions within each class described in subsection (f)(7);

"(B) policies implemented to stem the increase in tuition and fees and institutional costs;

"(C) the extent to which room and board costs and prices changed;

"(D) the extent to which other services were altered to affect tuition and fees;

"(E) the extent to which the institution's policies affected student body demographics and time to completion;

"(F) what, if any, operational factors played a role in reducing tuition and fees;

"(G) the extent to which academic quality was affected, and how;

"(H) the extent to which policies and practices reducing costs and prices may be replicated from one institution to another; and

"(I) other information as necessary to determine best practices in increasing the affordability of postsecondary education.

"(2) INTERIM AND FINAL REPORTS.—The Comptroller General shall submit an interim and a final report regarding the findings of the study required by paragraph (1) to the appropriate authorizing committees of Congress. The interim report shall be submitted not later than July 31, 2011, and the final report shall be submitted not later than July 31, 2013.

"(i) STUDENT AID RECIPIENT SURVEY.—

"(1) SURVEY REQUIRED.—The Secretary shall conduct a survey of student aid recipients under title IV on a regular cycle and State-by-State basis, but not less than once every 4 years—

"(A) to identify the population of students receiving Federal student aid;

"(B) to describe the income distribution and other socioeconomic characteristics of federally aided students;

"(C) to describe the combinations of aid from State, Federal, and private sources received by students from all income groups;

"(D) to describe the debt burden of educational loan recipients and their capacity to repay their education debts, and the impact of such debt burden on career choices;

"(E) to describe the role played by the price of postsecondary education in the determination by students of what institution to attend; and

"(F) to describe how the increased costs of textbooks and other instructional materials affects the costs of postsecondary education to students.

"(2) SURVEY DESIGN.—The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional and current and former students in all types of institutions, and designed and administered in consultation with the Congress and the postsecondary education community.

"(3) DISSEMINATION.—The Secretary shall disseminate the information resulting from the survey in both printed and electronic form.

"(j) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.".

SEC. 109. DATABASES OF STUDENT INFORMATION.

Part C of title I is further amended by adding at the end the following new section:

"SEC. 132. DATABASES OF STUDENT INFORMATION PROHIBITED.

"(a) PROHIBITION.—Except as described in (b), nothing in this Act shall be construed to authorize the design, development, creation, implementation, or maintenance of a nationwide database of personally identifiable information on individuals receiving assistance, attending institutions receiving assistance, or otherwise involved in any studies or other collections of data under this Act, including a student unit record system, an education bar code system, or any other system that tracks individual students over time.

"(b) EXCEPTION.—The provisions of subsection (a) shall not affect the loan obligation enforcement activities described in section 485B of this Act.".

SEC. 110. PERFORMANCE-BASED ORGANIZATION.

Section 141 (20 U.S.C. 1018) is amended—

(1) in subsection (a)(2)(B)—

(A) by inserting "unit" after "to reduce the"; and

(B) by inserting "and, to the extent practicable, the total costs of administering those programs" after "those programs";

(2) in subsection (c)—

(A) in paragraph (1)(A), by striking "Each year" and inserting "Each fiscal year";

(B) in paragraph (1)(B), by inserting "secondary markets, guaranty agencies," after "lenders,"; and

(C) in paragraph (2)(B), by striking "Chief Financial Officer Act of 1990 and" and inserting "Chief Financial Officers Act of 1990," and by inserting before the period at the end the following: ", and other relevant statutes"; and

(3) in subsection (f)(3)(A), by striking "paragraph (1)(A)" and inserting "paragraph (1)".

TITLE II—TEACHER PREPARATION

SEC. 201. TEACHER QUALITY ENHANCEMENT GRANTS.

Part A of title II (20 U.S.C. 1021 et seq.) is amended to read as follows:

"PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

"SEC. 201. PURPOSES; DEFINITIONS.

"(a) PURPOSES.—The purposes of this part are to—

"(1) improve student academic achievement;

"(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities;

"(3) hold institutions of higher education accountable for preparing highly qualified teachers; and

"(4) recruit qualified individuals, including minorities and individuals from other occupations, into the teaching force.

"(b) DEFINITIONS.—In this part:

"(1) ARTS AND SCIENCES.—The term 'arts and sciences' means—

"(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers one or more academic majors in disciplines or content areas corresponding to the academic subject matter areas in which teachers provide instruction; and

"(B) when referring to a specific academic subject matter area, the disciplines or content areas in which academic majors are offered by the arts and science organizational unit.

"(2) EXEMPLARY TEACHER.—The term 'exemplary teacher' has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(3) HIGHLY QUALIFIED.—The term 'highly qualified' when used with respect to an individual means that the individual is highly qualified as determined under section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801) or section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

"(4) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term 'high-need local educational agency' means a local educational agency—

"(A)(i)(I) that serves not fewer than 10,000 children from families with incomes below the poverty line; or

"(II) for which not less than 25 percent of the children served by the agency are from families with incomes below the poverty line;

"(ii) that is among those serving the highest number or percentage of children from families with incomes below the poverty line in the State, but this clause applies only in a State that has no local educational agency meeting the requirements of clause (i); or

"(iii) with a total of less than 600 students in average daily attendance at the schools that are served by the agency and all of whose schools are designated with a school locale code of 7, as determined by the Secretary; and

"(B)(i) for which there is a high percentage of teachers not teaching in the academic subjects or grade levels that the teachers were trained to teach; or

"(ii) for which there is a high percentage of teachers with emergency, provisional, or temporary certification or licensing.

"(5) POVERTY LINE.—The term 'poverty line' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

"(6) PROFESSIONAL DEVELOPMENT.—The term 'professional development' has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(7) SCIENTIFICALLY BASED READING RESEARCH.—The term 'scientifically based reading research' has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

"(8) SCIENTIFICALLY BASED RESEARCH.—The term 'scientifically based research' has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"(9) TEACHING SKILLS.—The term 'teaching skills' means skills that—

"(A) are based on scientifically based research;

"(B) enable teachers to effectively convey and explain subject matter content;

"(C) lead to increased student academic achievement; and

"(D) use strategies that—

"(i) are specific to subject matter;

"(ii) include ongoing assessment of student learning;

"(iii) focus on identification and tailoring of academic instruction to students's specific learning needs; and

"(iv) focus on classroom management.

"SEC. 202. STATE GRANTS.

"(a) IN GENERAL.—From amounts made available under section 210(1) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible States to enable the eligible States to carry out the activities described in subsection (d).

"(b) ELIGIBLE STATE.—

"(1) DEFINITION.—In this part, the term 'eligible State' means—

"(A) the Governor of a State; or

"(B) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency.

"(2) CONSULTATION.—The Governor or the individual, entity, or agency designated under paragraph (1)(B) shall consult with the Governor, State board of education, State educational agency, State agency for higher education, or State agency responsible for early childhood education and programs, as appropriate, with respect to the activities assisted under this section.

"(3) CONSTRUCTION.—Nothing in this subsection shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

"(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall submit an application to the Secretary that—

"(1) meets the requirement of this section;

"(2) demonstrates that the State is in full compliance with sections 207 and 208;

"(3) includes a description of how the eligible State intends to use funds provided under this section;

"(4) includes measurable objectives for the use of the funds provided under the grant;

"(5) demonstrates the State has submitted and is actively implementing a plan that meets the requirements of sections 1111(h)(1)(C)(viii) and 1119 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(h)(1)(C)(viii) and 6319); and

"(6) contains such other information and assurances as the Secretary may require.

"(d) USES OF FUNDS.—An eligible State that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Edu-

cation Act of 1965 (20 U.S.C. 6613(c)), and to ensure that current and future teachers are highly qualified, by carrying out one or more of the following activities:

"(1) REFORMS.—Ensuring that all teacher preparation programs in the State are preparing teachers who are highly qualified, are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom, including use for instructional techniques to improve student academic achievement, by assisting such programs—

"(A) to retrain faculty; and

"(B) to design (or redesign) teacher preparation programs so they—

"(i) are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

"(ii) promote strong teaching skills.

"(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification (including recertification) or licensing requirements to ensure that—

"(A) teachers have the subject matter knowledge and teaching skills in the academic subjects that the teachers teach that are necessary to help students meet challenging State student academic achievement standards; and

"(B) such requirements are aligned with challenging State academic content standards.

"(3) ALTERNATIVES TO TRADITIONAL TEACHER PREPARATION AND STATE CERTIFICATION.—Providing prospective teachers with alternative routes to State certification and traditional preparation to become highly qualified teachers through—

"(A) innovative approaches that reduce unnecessary barriers to State certification while producing highly qualified teachers, which may include articulation agreements between institutions of higher education;

"(B) programs that provide support to teachers during their initial years in the profession; and

"(C) alternative routes to State certification of teachers for qualified individuals, including mid-career professionals from other occupations, former military personnel, and recent college graduates with records of academic distinction.

"(4) INNOVATIVE PROGRAMS.—Planning and implementing innovative programs to enhance the ability of institutions of higher education to prepare highly qualified teachers, such as charter colleges of education or university and local educational agency partnership schools, that—

"(A) permit flexibility in meeting State requirements as long as graduates, during their initial years in the profession, increase student academic achievement;

"(B) provide long-term data gathered from teachers' performance over multiple years in the classroom on the ability to increase student academic achievement;

"(C) ensure high-quality preparation of teachers from underrepresented groups; and

"(D) create performance measures that can be used to document the effectiveness of innovative methods for preparing highly qualified teachers.

"(5) MERIT PAY.—Developing, or assisting local educational agencies in developing—

"(A) merit-based performance systems that reward teachers who increase student academic achievement; and

"(B) strategies that provide differential and bonus pay in high-need local educational agencies to retain—

"(i) principals;

"(ii) highly qualified teachers who teach in high-need academic subjects, such as reading, mathematics, and science;

"(iii) highly qualified teachers who teach in schools identified for school improvement under section 1116(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6316(b));

"(iv) special education teachers;

"(v) teachers specializing in teaching limited English proficient children; and

"(vi) highly qualified teachers in urban and rural schools or districts.

"(6) TEACHER ADVANCEMENT.—Developing, or assisting local educational agencies in developing, teacher advancement and retention initiatives that promote professional growth and emphasize multiple career paths (such as paths to becoming a highly qualified mentor teacher or exemplary teacher) and pay differentiation.

"(7) TEACHER REMOVAL.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to remove expeditiously incompetent or unqualified teachers consistent with procedures to ensure due process for the teachers.

"(8) TECHNICAL ASSISTANCE.—Providing technical assistance to low-performing teacher preparation programs within institutions of higher education identified under section 208(a).

"(9) TEACHER EFFECTIVENESS.—Developing—

"(A) systems to measure the effectiveness of teacher preparation programs and professional development programs; and

"(B) strategies to document gains in student academic achievement or increases in teacher mastery of the academic subjects the teachers teach as a result of such programs.

"(10) TEACHER RECRUITMENT AND RETENTION.—Undertaking activities that—

"(A) develop and implement effective mechanisms to ensure that local educational agencies and schools are able effectively to recruit and retain highly qualified teachers; or

"(B) are described in section 204(d).

"(11) EARLY CHILDHOOD EDUCATOR.—Developing strategies—

"(A) to improve the qualifications of preschool teachers, which may include State certification for such teachers;

"(B) to improve and expand preschool teacher preparation programs; and

"(C) to reduce unnecessary burdens to the attainment of a bachelor's degree in early childhood education and increase the number of bilingual early childhood educators, which may include developing articulation agreements between institutions of higher education.

"(12) GIFTED AND TALENTED STUDENTS.—Incorporating the learning needs of gifted and talented students into the activities described in paragraph (1), (2), or (3) in order to ensure that new teachers possess the basic knowledge and skills necessary to meet the educational needs of gifted and talented students.

"(13) NEW-TEACHER MENTORING ON THE NEEDS OF GIFTED AND TALENTED STUDENTS.— Establishing or expanding new-teacher mentoring and assessment programs (including induction and evaluation programs) that are a part of a licensure process which is designed to demonstrate that new teachers possess basic knowledge of the classroom indicators of giftedness, are able to identify student learning differences among gifted students, and are able to provide instruction to accommodate such differences.

"(14) SPECIAL EDUCATION, MATH, AND SCIENCE FACULTY.—Supporting the development of new special education, math, and science faculty positions in institutions of higher education dedicated to the preparation of highly qualified special education, math, and science teachers (as defined by section 9101 of the Elementary and Secondary Education Act or section 602 of the Individuals with Disabilities Education Act), with matching funds from institutions of higher education and a commitment to continue new faculty positions when Federal funding ends.

"(15) SUBJECT AREA EVALUATION.—Assessing the performance of teacher preparation programs within institutions of higher education in the State using an assessment which provides comparisons across such schools in the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach. Such information shall be made publicly available and widely disseminated.

"(e) EVALUATION.—

"(1) EVALUATION SYSTEM.—An eligible State that receives a grant under this section shall develop and utilize a system to evaluate annually the effectiveness of teacher preparation programs and professional development activities within the State in producing gains in—

"(A) the teacher's annual contribution to improving student academic achievement, as measured by State academic assessments required under section 1111(b)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(3)); and

"(B) teacher mastery of the academic subjects they teach, as measured by pre- and post-participation tests of teacher knowledge, as appropriate.

"(2) USE OF EVALUATION SYSTEM.—Such evaluation system shall be used by the State to evaluate—

"(A) activities carried out using funds provided under this section; and

"(B) the quality of its teacher education programs.

"(3) PUBLIC REPORTING.—The State shall make the information described in paragraph (1) widely available through public means, such as posting on the Internet, distribution to the media, and distribution through public agencies.

"SEC. 203. PARTNERSHIP GRANTS.

"(a) GRANTS.—From amounts made available under section 210(2) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible partnerships to enable the eligible partnerships to carry out the activities described in subsections (d) and (e).

"(b) DEFINITIONS.—

"(1) ELIGIBLE PARTNERSHIPS.—In this part, the term 'eligible partnership' means an entity that—

"(A) shall include—

"(i) a partner institution;

"(ii) a school of arts and sciences;

"(iii) a high-need local educational agency; and

"(iv) a public or private educational organization; and

"(B) may include a Governor, State educational agency, the State board of education, the State agency for higher education, an institution of higher education not described in subparagraph (A), a public charter school, a public or private elementary school or secondary school, a public or private educational organization, a business, a science-, mathematics-, or technology-oriented entity, a faith-based or community organization, a prekindergarten program, a teacher organization, an education service agency, a consortia of local educational agencies, or a nonprofit telecommunications entity.

"(2) PARTNER INSTITUTION.—In this section, the term 'partner institution' means an institution of higher education, the teacher training program of which demonstrates that—

"(A) graduates from the teacher training program exhibit strong performance on State-determined qualifying assessments for new teachers through—

"(i) demonstrating that the graduates of the program who intend to enter the field of teaching have passed all of the applicable State qualification assessments for new teachers, which shall include an assessment of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher intends to teach; or

"(ii) being ranked among the highest-performing teacher preparation programs in the State as determined by the State—

"(I) using criteria consistent with the requirements for the State report card under section 207(a); and

"(II) using the State report card on teacher preparation required under section 207(a); or

"(B) the teacher training program requires all the students of the program to participate in intensive clinical experience, to meet high academic standards, and—

"(i) in the case of secondary school candidates, to successfully complete an academic major in the subject area in which the candidate intends to teach or to demonstrate competence through a high level of performance in relevant content areas; and

"(ii) in the case of elementary school candidates, to successfully complete an academic major in the arts and sciences or to demonstrate competence through a high level of performance in core academic subject areas.

"(c) APPLICATION.—Each eligible partnership desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

"(1) contain a needs assessment of all the partners with respect to teaching and learning and a description of how the partnership will coordinate with other teacher training or professional development programs, and how the activities of the partnership will be consistent with State, local, and other education reform activities that promote student academic achievement;

"(2) contain a resource assessment that describes the resources available to the partnership, the intended use of the grant funds, including a description of how the grant funds will be used in accordance with subsection (f), and the commitment of the resources of the partnership to the activities assisted under this part, including financial support, faculty participation, time commitments, and continuation of the activities when the grant ends;

"(3) contain a description of—

"(A) how the partnership will meet the purposes of this part;

"(B) how the partnership will carry out the activities required under subsection (d) and any permissible activities under subsection (e);

"(C) the partnership's evaluation plan pursuant to section 206(b);

"(D) how faculty of the teacher preparation program at the partner institution will serve, over the term of the grant, with highly qualified teachers in the classrooms of the high-need local educational agency included in the partnership;

"(E) how the partnership will ensure that teachers, principals, and superintendents in private elementary and secondary schools located in the geographic areas served by an eligible partnership under this section will participate equitably in accordance with section 9501 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7881);

"(F) how the partnership will design and implement a clinical program component that includes close supervision of student teachers by faculty of the teacher preparation program at the partner institution and mentor teachers;

"(G) how the partnership will design and implement an induction program to support all new teachers through the first 3 years of teaching that includes mentors who are trained and compensated by the partnership for their work with new teachers; and

"(H) how the partnership will collect, analyze, and use data on the retention of all teachers in schools located in the geographic areas served by the partnership to evaluate the effectiveness of its teacher support system; and

"(4) contain a certification from the high-need local educational agency included in the partnership that it has reviewed the application and determined that the grant proposed will comply with subsection (f).

"(d) REQUIRED USES OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6613(c)), and to ensure that current and future teachers are highly qualified, by carrying out one or more of the following activities:

"(1) REFORMS.—Implementing reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom, including use for instructional techniques to improve student academic achievement, by—

"(A) retraining faculty; and

"(B) designing (or redesigning) teacher preparation programs so they—

"(i) are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

"(ii) promote strong teaching skills.

"(2) CLINICAL EXPERIENCE AND INTERACTION.—Providing sustained and high-quality preservice and in-service clinical experience, including the mentoring of prospective teachers by exemplary teachers, substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support for teachers, including preparation time and release time, for such interaction.

"(3) PROFESSIONAL DEVELOPMENT.—Creating opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach, and that promotes strong teaching skills.

"(4) TEACHER PREPARATION.—Developing, or assisting local educational agencies in developing, professional development activities that—

"(A) provide training in how to teach and address the needs of students with different learning styles, particularly students with disabilities, limited English proficient students, gifted and talented students, and students with special learning needs; and

"(B) provide training in methods of—

"(i) improving student behavior in the classroom; and

"(ii) identifying early and appropriate interventions to help students described in subparagraph (A) learn.

"(e) ALLOWABLE USES OF FUNDS.—An eligible partnership that receives a grant under this section may use such funds to carry out the following activities:

"(1) ALTERNATIVES TO TRADITIONAL TEACHER PREPARATION AND STATE CERTIFICATION.—Providing prospective teachers with alternative routes to State certification and traditional preparation to become highly qualified teachers through—

"(A) innovative approaches that reduce unnecessary barriers to teacher preparation producing highly qualified teachers, which may include articulation agreements between institutions of higher education;

"(B) programs that provide support during a teacher's initial years in the profession; and

"(C) alternative routes to State certification of teachers for qualified individuals, including mid-career professionals from other occupations, former military personnel, and recent college graduates with records of academic distinction.

"(2) DISSEMINATION AND COORDINATION.—Broadly disseminating information on effective practices used by the partnership, and coordinating with the activities of the Governor, State board of education, State higher education agency, and State educational agency, as appropriate.

"(3) MANAGERIAL AND LEADERSHIP SKILLS.—Developing and implementing professional development programs for principals and superintendents that enable them to be effective school leaders and prepare all students to meet challenging State academic content and student academic achievement standards.

"(4) TEACHER RECRUITMENT.—Activities—

"(A) to encourage students to become highly qualified teachers, such as extracurricular enrichment activities; and

"(B) activities described in section 204(d).

"(5) CLINICAL EXPERIENCE IN SCIENCE, MATHEMATICS, AND TECHNOLOGY.—Creating opportunities for clinical experience and training, by participation in the business, research, and work environments with professionals, in areas relating to science, mathematics, and technology for teachers and prospective teachers, including opportunities for use of laboratory equipment, in order for the teacher to return to the classroom for at least 2 years and provide instruction that will raise student academic achievement.

"(6) COORDINATION WITH COMMUNITY COLLEGES.—Coordinating with community colleges to implement teacher preparation programs, including through distance learning or articulation agreements, for the purposes of allowing prospective teachers—

"(A) to attain a bachelor's degree and State certification or licensure; and

"(B) to become highly qualified teachers.

"(7) TEACHER MENTORING.—Establishing or implementing a teacher mentoring program that—

"(A) includes minimum qualifications for mentors;

"(B) provides training and stipends for mentors;

"(C) provides mentoring programs for teachers in their first 3 years of teaching;

"(D) provides regular and ongoing opportunities for mentors and mentees to observe each other's teaching methods in classroom settings during the school day;

"(E) establishes an evaluation and accountability plan for activities conducted under this paragraph that includes rigorous objectives to measure the impact of such activities; and

"(F) provides for a report to the Secretary on an annual basis regarding the partnership's progress in meeting the objectives described in subparagraph (E).

"(8) COMPUTER SOFTWARE FOR MULTILINGUAL EDUCATION.—Training teachers to use computer software for multilingual education to address the needs of limited English proficient students.

"(9) GIFTED AND TALENTED STUDENTS.—Increasing the knowledge and skills of preservice teachers participating in activities under subsection (d) in the educational and related needs of gifted and talented students by, among other strategies, infusing teacher coursework with units on the characteristics of high-ability learners, using assessments to identify preexisting knowledge and skills among students, and developing teaching strategies that are driven by the learner's progress.

"(10) REDUCING THE SHORTAGE OF HIGHLY QUALIFIED SPECIAL EDUCATION, MATH, AND SCIENCE TEACHERS.—Increasing the number of highly qualified special education, math, and science teachers (as defined by section 9101 of the Elementary and Secondary Education Act or section 602 of the Individuals with Disabilities Education Act) through such activities as recruitment, scholarships for tuition, and new teacher mentoring.

"(f) SPECIAL RULE.—At least 50 percent of the funds made available to an eligible partnership under this section shall be used directly to benefit the high-need local educational agency included in the partnership. Any entity described in subsection (b)(1)(A) may be the fiscal agent under this section.

"(g) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an eligible partnership from using grant funds to coordinate with the activities of more than one Governor, State board of education, State educational agency, local educational agency, or State agency for higher education.

"(h) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to carry out the purposes of this section.

"SEC. 204. TEACHER RECRUITMENT GRANTS.

"(a) PROGRAM AUTHORIZED.—From amounts made available under section 210(3) for a fiscal year, the Secretary is authorized to award grants, on a competitive basis, to eligible applicants to enable the eligible applicants to carry out activities described in subsection (d).

"(b) ELIGIBLE APPLICANT DEFINED.—In this part, the term 'eligible applicant' means—

"(1) an eligible State described in section 202(b); or

"(2) an eligible partnership described in section 203(b).

"(c) APPLICATION.—Any eligible applicant desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require, including—

"(1) a description of the assessment that the eligible applicant, and the other entities with whom the eligible applicant will carry out the grant activities, have undertaken to determine the most critical needs of the participating high-need local educational agencies;

"(2) a description of the activities the eligible applicant will carry out with the grant, including the extent to which the applicant will use funds to recruit minority students to become highly qualified teachers; and

"(3) a description of the eligible applicant's plan for continuing the activities carried out with the grant, once Federal funding ceases.

"(d) USES OF FUNDS.—Each eligible applicant receiving a grant under this section shall use the grant funds—

"(1)(A) to award scholarships to help students, such as individuals who have been accepted for their first year, or who are enrolled in their first or second year, of a program of undergraduate education at an institution of higher education, pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program;

"(B) to provide support services, if needed to enable scholarship recipients—

"(i) to complete postsecondary education programs; or

"(ii) to transition from a career outside of the field of education into a teaching career; and

"(C) for followup services provided to former scholarship recipients during the recipients first 3 years of teaching; or

"(2) to develop and implement effective mechanisms to ensure that high-need local educational agencies and schools are able effectively to recruit highly qualified teachers.

"(e) ADDITIONAL DISCRETIONARY USES OF FUNDS.—In addition to the uses described in subsection (d), each eligible applicant receiving a grant under this section may use the grant funds—

"(1) to develop and implement effective mechanisms to recruit into the teaching profession employees from—

"(A) high-demand industries, including technology industries; and

"(B) the fields of science, mathematics, and engineering;

"(2) to conduct outreach and coordinate with inner city and rural secondary schools to encourage students to pursue teaching as a career;

"(3) to develop and implement dual degree programs that enable students at institutions of higher education to earn two undergraduate degrees concurrently, one of such degrees being in education and the other in the subject matter of the student's choosing; and

"(4) to recruit high achieving students, bilingual students, and other qualified candidates into early childhood education programs.

"(f) SERVICE REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary shall establish such requirements as the Secretary determines necessary to ensure that recipients of scholarships under this section who complete teacher education programs—

"(A) subsequently teach in a high-need local educational agency for a period of time equivalent to—

"(i) one year; increased by

"(ii) the period for which the recipient received scholarship assistance; or

"(B) repay the amount of the scholarship.

"(2) USE OF REPAYMENTS.—The Secretary shall use any such repayments to carry out additional activities under this section.

"(g) PRIORITY.—The Secretary shall give priority under this section to eligible applicants who provide an assurance that they will recruit a high percentage of minority students to become highly qualified teachers.

"SEC. 205. ADMINISTRATIVE PROVISIONS.

"(a) DURATION; ONE-TIME AWARDS; PAYMENTS.—

"(1) DURATION.—

"(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—Grants awarded to eligible States and eligible applicants under this part shall be awarded for a period not to exceed 3 years.

"(B) ELIGIBLE PARTNERSHIPS.—Grants awarded to eligible partnerships under this part shall be awarded for a period of 5 years.

"(2) ONE-TIME AWARD.—An eligible partnership may receive a grant under each of sections 203 and 204, as amended by the College Access and Opportunity Act of 2005, only once.

"(3) PAYMENTS.—The Secretary shall make annual payments of grant funds awarded under this part.

"(b) PEER REVIEW.—

"(1) PANEL.—The Secretary shall provide the applications submitted under this part to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

"(2) PRIORITY.—In recommending applications to the Secretary for funding under this part, the panel shall—

"(A) with respect to grants under section 202, give priority to eligible States that—

"(i) have initiatives to reform State teacher certification requirements that are based on rigorous academic content, scientifically based research, including scientifically based reading research, and challenging State student academic content standards;

"(ii) have innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly qualified and have strong teaching skills; or

"(iii) have innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas; and

"(B) with respect to grants under section 203—

"(i) give priority to applications from broad-based eligible partnerships that involve businesses and community organizations; and

"(ii) take into consideration—

"(I) providing an equitable geographic distribution of the grants throughout the United States; and

"(II) the potential of the proposed activities for creating improvement and positive change.

"(3) SECRETARIAL SELECTION.—The Secretary shall determine, based on the peer review process, which application shall receive funding and the amounts of the grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

"(c) MATCHING REQUIREMENTS.—

"(1) STATE GRANTS.—Each eligible State receiving a grant under section 202 or 204 shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the grant (in cash or in kind) to carry out the activities supported by the grant.

"(2) PARTNERSHIP GRANTS.—Each eligible partnership receiving a grant under section 203 or 204 shall provide, from non-Federal sources (in cash or in kind), an amount equal to 25 percent of the grant for the first year of the grant, 35 percent of the grant for the second year of the grant, and 50 percent of the grant for each succeeding year of the grant.

"(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible State or eligible partnership that receives a grant under this part may not use more than 2 percent of the grant funds for purposes of administering the grant.

"SEC. 206. ACCOUNTABILITY AND EVALUATION.

"(a) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under section 202 shall submit an annual accountability report to the Secretary and the authorizing committees. Such report shall include a description of

the degree to which the eligible State, in using funds provided under such section, has made substantial progress in meeting the following goals:

"(1) PERCENTAGE OF HIGHLY QUALIFIED TEACHERS.—Increasing the percentage of highly qualified teachers in the State as required by section 1119 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319) and section 602 of the Individuals with Disabilities Act (20 U.S.C. 1401).

"(2) STUDENT ACADEMIC ACHIEVEMENT.—Increasing student academic achievement for all students, which may be measured through the use of value-added assessments, as defined by the eligible State.

"(3) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession as a highly qualified teacher.

"(4) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the pass rate for initial State teacher certification or licensure, or increasing the numbers of qualified individuals being certified or licensed as teachers through alternative routes to certification and licensure.

"(5) DECREASING TEACHER SHORTAGES.—Decreasing shortages of highly qualified teachers in poor urban and rural areas.

"(6) INCREASING OPPORTUNITIES FOR RESEARCH-BASED PROFESSIONAL DEVELOPMENT.—Increasing opportunities for enhanced and ongoing professional development that—

"(A) improves the academic content knowledge of teachers in the subject areas in which the teachers are certified or licensed to teach or in which the teachers are working toward certification or licensure to teach; and

"(B) promotes strong teaching skills.

"(7) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared effectively to integrate technology into curricula and instruction and who use technology to collect, manage, and analyze data to improve teaching, learning, decisionmaking, and parental involvement for the purpose of increasing student academic achievement.

"(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each eligible partnership applying for a grant under section 203 shall establish, and include in the application submitted under section 203(c), an evaluation plan that includes strong performance objectives. The plan shall include objectives and measures for—

"(1) increased student achievement for all students, as measured by the partnership;

"(2) increased teacher retention in the first 3 years of a teacher's career;

"(3) increased success in the pass rate for initial State certification or licensure of teachers;

"(4) increased percentage of highly qualified teachers; and

"(5) increasing the number of teachers trained effectively to integrate technology into curricula and instruction and who use technology to collect, manage, and analyze data to improve teaching, learning, and decisionmaking for the purpose of improving student academic achievement.

"(c) REVOCATION OF GRANT.—

"(1) REPORT.—Each eligible State or eligible partnership receiving a grant under section 202 or 203 shall report annually on the progress of the eligible State or eligible partnership toward meeting the purposes of this part and the goals, objectives, and measures described in subsections (a) and (b).

"(2) REVOCATION.—

"(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—If the Secretary determines that an eligible State or eligible applicant is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the second year of a grant under this part, then the grant payment shall not be made for the third year of the grant.

"(B) ELIGIBLE PARTNERSHIPS.—If the Secretary determines that an eligible partnership is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the third year of a grant under this part, then the grant payments shall not be made for any succeeding year of the grant.

"(d) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this part and report annually the Secretary's findings regarding the activities to the authorizing committees. The Secretary shall broadly disseminate successful practices developed by eligible States and eligible partnerships under this part, and shall broadly disseminate information regarding such practices that were found to be ineffective.

"SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

"(a) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—Each State that receives funds under this Act shall provide to the Secretary annually, in a uni-

form and comprehensible manner that conforms with the definitions and methods established by the Secretary, a State report card on the quality of teacher preparation in the State, both for traditional certification or licensure programs and for alternative certification or licensure programs, which shall include at least the following:

"(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by the State.

"(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher certification or licensure and to be certified or licensed to teach particular subjects or in particular grades within the State.

"(3) A description of the extent to which the assessments and requirements described in paragraph (1) are aligned with the State's standards and assessments for students.

"(4) The percentage of students who have completed at least 50 percent of the requirements for a teacher preparation program at an institution of higher education or alternative certification program and who have taken and passed each of the assessments used by the State for teacher certification and licensure, and the passing score on each assessment that determines whether a candidate has passed that assessment.

"(5) For students who have completed at least 50 percent of the requirements for a teacher preparation program at an institution of higher education or alternative certification program, and who have taken and passed each of the assessments used by the State for teacher certification and licensure, each such institution's and each such program's average raw score, ranked by teacher preparation program, which shall be made available widely and publicly.

"(6) A description of each State's alternative routes to teacher certification, if any, and the number and percentage of teachers certified through each alternative certification route who pass State teacher certification or licensure assessments.

"(7) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs in the State, including indicators of teacher candidate skills, academic content knowledge, and evidence of gains in student academic achievement.

"(8) For each teacher preparation program in the State, the number of students in the program, the number of minority students in the program, the average number of hours of supervised practice teaching required for those in the program, and the number of full-time equivalent faculty and students in supervised practice teaching.

"(b) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—

"(1) REPORT CARD.—The Secretary shall provide to Congress, and publish and make widely available, a report card on teacher qualifications and preparation in the United States, including all the information reported in paragraphs (1) through (8) of subsection (a). Such report shall identify which eligible States received a grant under this part, and the States in which eligible partnerships receiving grants are located. Such report shall be published and made available annually.

"(2) REPORT TO CONGRESS.—The Secretary shall report to Congress—

"(A) a comparison of States' efforts to improve teaching quality; and

"(B) regarding the national mean and median scores on any standardized test that is used in more than one State for teacher certification or licensure.

"(3) SPECIAL RULE.—In the case of programs with fewer than 10 students who have completed at least 50 percent of the requirements for a teacher preparation program taking any single initial teacher certification or licensure assessment during an academic year, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

"(c) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher certification or licensure assessments in a State other than the State in which the individual received the individual's most recent degree.

"(d) INSTITUTION AND PROGRAM REPORT CARDS ON QUALITY OF TEACHER PREPARATION.—

"(1) REPORT CARD.—Each institution of higher education or alternative certification program that conducts a teacher preparation program that enrolls students receiving Federal assistance under this Act shall report annually to the State and the general public, in a uniform and comprehensible manner that conforms with the definitions and methods established by the Secretary, both

for traditional certification or licensure programs and for alternative certification or licensure programs, the following information:

"(A) PASS RATE.—(i) For the most recent year for which the information is available, the pass rate of each student who has completed at least 50 percent of the requirements for the teacher preparation program on the teacher certification or licensure assessments of the State in which the institution is located, but only for those students who took those assessments within 3 years of receiving a degree from the institution or completing the program.

"(ii) A comparison of the institution or program's pass rate for students who have completed at least 50 percent of the requirements for the teacher preparation program with the average pass rate for institutions and programs in the State.

"(iii) A comparison of the institution or program's average raw score for students who have completed at least 50 percent of the requirements for the teacher preparation program with the average raw scores for institutions and programs in the State.

"(iv) In the case of programs with fewer than 10 students who have completed at least 50 percent of the requirements for a teacher preparation program taking any single initial teacher certification or licensure assessment during an academic year, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

"(B) PROGRAM INFORMATION.—The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the number of full-time equivalent faculty and students in supervised practice teaching.

"(C) STATEMENT.—In States that require approval or accreditation of teacher education programs, a statement of whether the institution's program is so approved or accredited, and by whom.

"(D) DESIGNATION AS LOW-PERFORMING.—Whether the program has been designated as low-performing by the State under section 208(a).

"(2) REQUIREMENT.—The information described in paragraph (1) shall be reported through publications such as school catalogs and promotional materials sent to potential applicants, secondary school guidance counselors, and prospective employers of the institution's program graduates, including materials sent by electronic means.

"(3) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on an institution of higher education for failure to provide the information described in this subsection in a timely or accurate manner.

"(e) DATA QUALITY.—Either—

"(1) the Governor of the State; or

"(2) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency;

shall attest annually, in writing, as to the reliability, validity, integrity, and accuracy of the data submitted pursuant to this section.

"SEC. 208. STATE FUNCTIONS.

"(a) STATE ASSESSMENT.—In order to receive funds under this Act, a State shall have in place a procedure to identify and assist, through the provision of technical assistance, low-performing programs of teacher preparation within institutions of higher education. Such State shall provide the Secretary an annual list of such low-performing institutions that includes an identification of those institutions at risk of being placed on such list. Such levels of performance shall be determined solely by the State and may include criteria based upon information collected pursuant to this part. Such assessment shall be described in the report under section 207(a). A State receiving Federal funds under this title shall develop plans to close or reconstitute underperforming programs of teacher preparation within institutions of higher education.

"(b) TERMINATION OF ELIGIBILITY.—Any institution of higher education that offers a program of teacher preparation in which the State has withdrawn the State's approval or terminated the State's financial support due to the low performance of the institution's teacher preparation program based upon the State assessment described in subsection (a)—

"(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

"(2) shall not be permitted to accept or enroll any student who receives aid under title IV of this Act in the institution's teacher preparation program.

"SEC. 209. GENERAL PROVISIONS.

"(a) METHODS.—In complying with sections 207 and 208, the Secretary shall ensure that States and institutions of higher education use fair and equitable methods in reporting and that the reporting methods do not allow identification of individuals.

"(b) SPECIAL RULE.—For each State in which there are no State certification or licensure assessments, or for States that do not set minimum performance levels on those assessments—

"(1) the Secretary shall, to the extent practicable, collect data comparable to the data required under this part from States, local educational agencies, institutions of higher education, or other entities that administer such assessments to teachers or prospective teachers; and

"(2) notwithstanding any other provision of this part, the Secretary shall use such data to carry out requirements of this part related to assessments or pass rates.

"(c) LIMITATIONS.—

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

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

"(3) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize the Secretary to establish or support any national system of teacher certification.

"SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years, of which—

"(1) 45 percent shall be available for each fiscal year to award grants under section 202;

"(2) 45 percent shall be available for each fiscal year to award grants under section 203; and

"(3) 10 percent shall be available for each fiscal year to award grants under section 204.".

SEC. 202. PREPARING TOMORROW'S TEACHERS TO USE TECHNOLOGY.

(a) ELIGIBILITY.—Section 222(a)(3)(D) (20 U.S.C. 1042(a)(3)(D)) is amended by inserting "nonprofit telecommunications entity," after "community-based organization,".

(b) PERMISSIBLE USES OF FUNDS.—Section 223(b)(1)(E) of the Higher Education Act of 1965 (20 U.S.C. 1043(b)(1)(E)) is amended to read as follows:

"(E) to use technology to collect, manage, and analyze data to improve teaching, learning, and decisionmaking for the purpose of increasing student academic achievement.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 224 (20 U.S.C. 1044) is amended by striking "each of fiscal years 2002 and 2003." and inserting "fiscal year 2006 and each of the 5 succeeding fiscal years.".

SEC. 203. CENTERS OF EXCELLENCE.

Title II (20 U.S.C. 1021 et seq.) is amended by adding at the end the following:

"PART C—CENTERS OF EXCELLENCE

"SEC. 231. PURPOSES; DEFINITIONS.

"(a) PURPOSES.—The purposes of this part are—

"(1) to help recruit and prepare teachers, including minority teachers, to meet the national demand for a highly qualified teacher in every classroom; and

"(2) to increase opportunities for Americans of all educational, ethnic, class, and geographic backgrounds to become highly qualified teachers.

"(b) DEFINITIONS.—As used in this part:

"(1) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

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

"(i) a part B institution (as defined in section 322);

"(ii) a Hispanic-serving institution (as defined in section 502);

"(iii) a Tribal College or University (as defined in section 316);

"(iv) an Alaska Native-serving institution (as defined in section 317(b)); or

"(v) a Native Hawaiian-serving institution (as defined in section 317(b));

"(B) a consortium of institutions described in subparagraph (A); or

"(C) an institution described in subparagraph (A), or a consortium described in subparagraph (B), in partnership with any other institution of higher education, but only if the center of excellence established under section 232 is located at an institution described in subparagraph (A).

"(2) HIGHLY QUALIFIED.—The term 'highly qualified' when used with respect to an individual means that the individual is highly qualified as determined under section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801) or section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

"(3) SCIENTIFICALLY BASED READING RESEARCH.—The term 'scientifically based reading research' has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

"(4) SCIENTIFICALLY BASED RESEARCH.—The term 'scientifically based research' has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

"SEC. 232. CENTERS OF EXCELLENCE.

"(a) PROGRAM AUTHORIZED.—From the amounts appropriated to carry out this part, the Secretary is authorized to award competitive grants to eligible institutions to establish centers of excellence.

"(b) USE OF FUNDS.—Grants provided by the Secretary under this part shall be used to ensure that current and future teachers are highly qualified, by carrying out one or more of the following activities:

"(1) Implementing reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research, and are able to use advanced technology effectively in the classroom, including use for instructional techniques to improve student academic achievement, by—

"(A) retraining faculty; and

"(B) designing (or redesigning) teacher preparation programs that—

"(i) prepare teachers to close student achievement gaps, are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

"(ii) promote strong teaching skills.

"(2) Providing sustained and high-quality preservice clinical experience, including the mentoring of prospective teachers by exemplary teachers, substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time, for such interaction.

"(3) Developing and implementing initiatives to promote retention of highly qualified teachers and principals, including minority teachers and principals, including programs that provide—

"(A) teacher or principal mentoring from exemplary teachers or principals; or

"(B) induction and support for teachers and principals during their first 3 years of employment as teachers or principals, respectively.

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

"(5) Disseminating information on effective practices for teacher preparation and successful teacher certification and licensure assessment preparation strategies.

"(6) Activities authorized under sections 202, 203, and 204.

"(c) APPLICATION.—Any eligible institution desiring a grant under this section shall submit an application to the Secretary at such a time, in such a manner, and accompanied by such information the Secretary may require.

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

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

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

"SEC. 233. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.".

SEC. 204. TEACHER INCENTIVE FUND PROGRAM.

Title II (20 U.S.C. 1021 et seq.), as amended by section 203 of this Act, is further amended by adding at the end the following:

"PART D—TEACHER INCENTIVE FUND PROGRAM

"SEC. 241. PURPOSE; DEFINITIONS.

"(a) PURPOSE.—The purpose of this part is to assist States, local educational agencies, and non-profit or for-profit organizations to develop and implement, or expand, innovative compensation systems to provide financial rewards for teachers and principals who raise student academic achievement and close the achievement gap, especially in the highest-need local educational agencies.

"(b) DEFINITIONS.—For purposes of this part:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) a local educational agency, including a charter school that is a local educational agency;

"(B) a State educational agency, or other State agency designated by the chief executive of the State; or

"(C) a partnership of—

"(i) one or more agencies described in subparagraph (A) or (B), or both; and

"(ii) at least one non-profit or for-profit organization.

"(2) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term 'high-need local educational agency' has the meaning given that term in section 201.

"SEC. 242. TEACHER INCENTIVE FUND GRANTS.

"(a) PROGRAM AUTHORIZED.—

"(1) IN GENERAL.—From the amounts appropriated to carry out this part, the Secretary is authorized to award competitive grants of up to 5 years in length to eligible entities to develop and implement, or expand, a comprehensive performance-based compensation system for teachers and principals for one or more local educational agencies.

"(2) COMPREHENSIVE PERFORMANCE-BASED COMPENSATION SYSTEMS.—A comprehensive performance-based compensation system developed and implemented, or expanded with funds under this part—

"(A) shall differentiate levels of compensation primarily on the basis of increases in student academic achievement; and

"(B) may—

"(i) differentiate levels of compensation on the basis of high-quality teachers' and principals' employment and success in hard-to-staff schools or high-need subject areas; and

"(ii) recognize teachers' and principals' skills and knowledge as demonstrated through—

"(I) successful fulfillment of additional responsibilities or job functions; and

"(II) evidence of high achievement and mastery of content knowledge and teaching skills.

"(b) USE OF FUNDS.—A grantee shall use grant funds provided under this part only to design and implement, or expand, in collaboration with teachers, principals, other school administrators, and members of the public, a compensation system consistent with the requirements of this part. Authorized activities under this part may include the following:

"(1) Developing appraisal systems that reflect clear and fair measures of student academic achievement.

"(2) Conducting outreach within the local educational agency (or agencies) or the State to gain input on how to construct the appraisal system and to develop support for it.

"(3) Paying, as part of a comprehensive performance-based compensation system, bonuses and increased salaries to teachers and principals who raise student academic achievement, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

"(4) Paying, as part of a comprehensive performance-based compensation system, additional bonuses to teachers who both raise student academic achievement and either teach in high-poverty schools or teach subjects that are difficult to staff, or both, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

"(5) Paying, as part of a comprehensive performance-based compensation system, additional bonuses to principals who both raise student academic achievement and serve in high-poverty schools, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

"(c) APPLICATIONS.—To be eligible to receive a grant under this part, an eligible entity shall submit an application that includes—

"(1) a description of the local educational agency or local educational agencies to be served by the project, including such demographic information as the Secretary may request;

"(2) information on student academic achievement and the quality of the teachers and principals in the local educational agency or agencies to be served by the project;

"(3) a description of the performance-based teacher and principal compensation system that the applicant proposes to develop and implement or expand;

"(4) a description of how the applicant will use grant funds under this part in each year of the grant;

"(5) an explanation of how the applicant will meet the requirement in subsection (b)(3) and how the grantee will continue its performance-based compensation system after the grant ends;

"(6) a description of the support and commitment from teachers, the community or local educational agency or agencies for the development and implementation, or expansion, of a performance-based teacher and principal compensation system;

"(7) a description of how teacher, principal and student performance will be measured and the baseline measurement units; and

"(8) a description, if applicable, of how the applicant will define the term 'high-quality' for the purposes of subsection (a)(2)(B)(i), through the use of measurable indicators, such as effectiveness in raising student academic achievement, or demonstrated mastery of subject matter knowledge.

"(d) PRIORITY.—The Secretary shall give priority to applications for projects that would establish comprehensive performance-based compensation systems in high-need local educational agencies.

"SEC. 243. EVALUATIONS.

"The Secretary shall conduct an independent evaluation of the program under this part and may use up to 1 percent of the funds made available under this part or $1,000,000, whichever is less, for any fiscal year for the cost of the evaluation.

"SEC. 244. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $100,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.".

SEC. 205. TRANSITION.

The Secretary of Education shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this title.

TITLE III—INSTITUTIONAL AID

SEC. 301. TITLE III GRANTS FOR AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

(a) ELIGIBLE INSTITUTIONS.—Subsection (b) of section 316 (20 U.S.C. 1059c(b)) is amended to read as follows:

"(b) DEFINITIONS.—

"(1) ELIGIBLE INSTITUTIONS.—For purposes of this section, Tribal Colleges and Universities are the following:

"(A) any of the following institutions that qualify for funding under the Tribally Controlled College or University Assistance Act of 1978 or is listed in Equity in Educational Land Grant Status Act of 1994 (7 U.S.C. 301 note): Bay Mills Community College; Blackfeet Community College; Cankdeska Cikana Community College; Chief Dull Knife College; College of Menominee Nation; Crownpoint Institute of Technology; Diné College; D–Q University; Fond du Lac Tribal and Community College; Fort Belknap College; Fort Berthold Community College; Fort Peck Community College; Haskell Indian Nations University; Institute of American Indian and Alaska Native Culture and Arts Development; Lac Courte Oreilles Ojibwa Community College; Leech Lake Tribal College; Little Big Horn College; Little Priest Tribal College; Nebraska Indian Community College; Northwest Indian College; Oglala Lakota College; Saginaw Chippewa Tribal College; Salish Kootenai College; Si Tanka University—Eagle Butte Campus; Sinte Gleska University; Sisseton Wahpeton Community College; Sitting Bull College; Southwestern Indian Polytechnic Institute; Stone Child College; Tohono O'Odham Community College; Turtle Mountain Community College; United Tribes Technical College; and White Earth Tribal and Community College; and

"(B) any other institution that meets the definition of tribally controlled college or university in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and meets all other requirements of this section.

"(2) INDIAN.—The term 'Indian' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.".

(b) DISTANCE LEARNING.—Subsection (c)(2) of such section is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;";

(2) in subparagraph (C), by inserting before the semicolon at the end the following: ", or advanced degrees in tribal governance or tribal public policy";

(3) in subparagraph (D), by inserting before the semicolon at the end the following: ", in tribal governance, or tribal public policy";

(4) by striking "and" at the end of subparagraph (K);

(5) by redesignating subparagraph (L) as subparagraph (M); and

(6) by inserting after subparagraph (K) the following new subparagraph:

"(L) developing or improving facilities for Internet use or other distance learning academic instruction capabilities; and".

(c) APPLICATION AND ALLOTMENT.—Subsection (d) of such section is amended to read as follows:

"(d) APPLICATION AND ALLOTMENT.—

"(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an eligible institution under section 312(b).

"(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may reasonably require.

"(3) ALLOTMENTS TO INSTITUTIONS.—

"(A) ALLOTMENT: PELL GRANT BASIS.—From the amount appropriated to carry out this section for any fiscal year, the Secretary shall allot to each eligible institution a sum which bears the same ratio to one-half that amount as the number of Pell Grant recipients in attendance at such institution at the end of the award year preceding the beginning of that fiscal year bears to the total number of Pell Grant recipients at all eligible institutions.

"(B) ALLOTMENT: DEGREE AND CERTIFICATE BASIS.—From the amount appropriated to carry out this section for any fiscal year, the Secretary shall allot to each eligible institution a sum which bears the same ratio to one-half that amount as the number of degrees or certificates awarded by such institution during the preceding academic year bears to the total number of degrees or certificates at all eligible institutions.

"(C) MINIMUM GRANT.—Notwithstanding subparagraphs (A) and (B), the amount allotted to each institution under this section shall not be less than $400,000.

"(4) SPECIAL RULES.—

"(A) CONCURRENT FUNDING.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section shall concurrently receive funds under other provisions of this part or part B.

"(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.".

SEC. 302. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

(a) DISTANCE LEARNING.—Section 317(c)(2) (20 U.S.C. 1059d(c)(2)) is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;";

(2) in subparagraph (C), by inserting before the semicolon at the end the following: ", or advanced degrees in tribal governance or tribal public policy";

(3) in subparagraph (D), by inserting before the semicolon at the end the following: ", in tribal governance, or tribal public policy";

(4) by striking "and" at the end of subparagraph (G);

(5) by striking the period at the end of subparagraph (H) and inserting a semicolon; and

(6) by inserting after subparagraph (H) the following new subparagraph:

"(I) development or improvement of facilities for Internet use or other distance learning academic instruction capabilities; and".

(b) ENDOWMENT FUNDS.—Section 317(c) is further amended by adding at the end the following new paragraph:

"(3) ENDOWMENT FUNDS.—

"(A) IN GENERAL.—An Alaska Native or Native Hawaiian-serving institution may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

"(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the institution shall provide to the endowment fund from non-Federal funds an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

"(C) APPLICABILITY OF OTHER PROVISIONS.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).".

(c) APPLICATION PROCESS.—Section 317(d)(2) is amended by striking "Such application shall include—" and all that follows through "may require.".

SEC. 303. GRANTS TO PART B INSTITUTIONS.

(a) USE OF FUNDS.—

(1) FACILITIES AND EQUIPMENT.—

(A) UNDERGRADUATE INSTITUTIONS.—Paragraph (2) of section 323(a) (20 U.S.C. 1062(a)) is amended to read as follows:

"(2) Construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities.".

(B) GRADUATE AND PROFESSIONAL SCHOOLS.—Paragraph (2) of section 326(c) is amended to read as follows:

"(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;".

(2) OUTREACH AND COLLABORATION.—Paragraph (11) of section 323(a) is amended to read as follows:

"(11) Establishing community outreach programs and collaborative partnerships between part B institutions and local elementary or secondary schools. Such partnerships may include mentoring, tutoring, or other instructional opportunities that will boost student academic achievement and assist elementary and secondary school students in developing the academic skills and the interest to pursue postsecondary education.".

(b) TECHNICAL ASSISTANCE.—Section 323 (20 U.S.C. 1062) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—An institution may not use more than 2 percent of the grant funds provided under this part to secure technical assistance services.

"(2) TECHNICAL ASSISTANCE SERVICES.—Technical assistance services may include assistance with enrollment management, financial management, and strategic planning.

"(3) REPORT.—The institution shall report to the Secretary on an annual basis, in such form as the Secretary requires, on the use of funds under this subsection.".

(c) DISTANCE LEARNING.—Section 323(a)(2) (20 U.S.C. 1062(a)(2)) (as amended by subsection (a)(1)(A)) is further amended by inserting "development or improvement of facilities for Internet use or other distance learning academic instruction capabilities and" after "including".

(d) MINIMUM GRANTS.—Section 324(d)(1) (20 U.S.C. 1063(d)(1)) is amended by inserting before the period at the end the following: ", except that, if the amount appropriated to carry out this part for any fiscal year exceeds the amount required to provide to each institution an amount equal to the total amount received by such institution under subsections (a), (b), and (c) for the preceding fiscal year, then the amount of such excess appropriation shall first be applied to increase the minimum allotment under this subsection to $750,000".

(e) ELIGIBLE GRADUATE OR PROFESSIONAL SCHOOLS.—

(1) GENERAL AUTHORITY.—Section 326(a)(1) (20 U.S.C. 1063b(a)(1)) is amended—

(A) by inserting "(A)" after "subsection (e) that";

(B) by inserting before the period at the end the following: ", (B) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered, and (C) according to such an agency or association, is in good standing".

(2) ELIGIBLE INSTITUTIONS.—Section 326(e)(1) (20 U.S.C. 1063b(e)(1)) is amended—

(A) by striking "and" at the end of subparagraph (Q);

(B) by striking the period at the end of subparagraph (R) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

"(S) Alabama State University qualified graduate program;

"(T) Prairie View A & M University qualified graduate program;

"(U) Coppin State University qualified graduate program; and

"(V) Delaware State University qualified graduate program.".

(3) CONFORMING AMENDMENT.—Section 326(e)(3) (20 U.S.C. 1063b(e)(3)) is amended—

(A) by striking "1998" and inserting "2005"; and

(B) by striking "(Q) and (R)" and inserting "(S), (T), (U), and (V)".

(f) PROFESSIONAL OR GRADUATE INSTITUTIONS.—Section 326(f) (20 U.S.C. 1063b(f)) is amended—

(1) in paragraph (1)—

(A) by striking "$26,600,000" and inserting "$54,500,000"; and

(B) by striking "(P)" and inserting "(R)";

(2) in paragraph (2)—

(A) by striking "$26,600,000, but not in excess of $28,600,000" and inserting "$54,500,000, but not in excess of $58,500,000"; and

(B) by striking "subparagraphs (Q) and (R)" and inserting "subparagraphs (S), (T), (U), and (V)"; and

(3) in paragraph (3)—

(A) by striking "$28,600,000" and inserting "$58,500,000"; and

(B) by striking "(R)" and inserting "(V)".

(g) HOLD HARMLESS.—Section 326(g) (20 U.S.C. 1063b(g)) is amended by striking "1998" each place it appears and inserting "2005".

SEC. 304. TECHNICAL AMENDMENTS.

(a) AMENDMENTS.—Title III is further amended—

(1) in section 311(c) (20 U.S.C. 1057(c))—

(A) by redesignating paragraphs (7) through (12) as paragraphs (8) through (13), respectively; and

(B) by inserting after paragraph (6) the following:

"(7) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.";

(2) in section 312(b)(1)(A) (20 U.S.C. 1058(b)(1)(A)), by striking "subsection (c)" and inserting "subsection (d)";

(3) in section 312(b)(1)(F) (20 U.S.C. 1058(b)(1)(F)), by inserting "which is" before "located";

(4) in section 312(b)(1) (20 U.S.C. 1058(b)(1)), by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

"(E) which provides a program that is not less than a 2-year educational program that is acceptable for full credit toward a bachelor's degree;";

(5) in section 316(c)(2) (20 U.S.C. 1059c(c)(2))—

(A) by redesignating subparagraphs (G) through (M) (as redesignated by section 301(b)(2) of this Act) as subparagraphs (H) through (N), respectively;

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

"(G) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;"; and

(C) in subparagraph (N), as redesignated by subparagraph (A), by striking "subparagraphs (A) through (K)" and inserting "subparagraphs (A) through (M)";

(6) in section 317(c)(2) (20 U.S.C. 1059d(c)(2)), by inserting after subparagraph (I) (as added by section 302(a)(6) of this Act) the following:

"(J) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.";

(7) in section 323(a) (20 U.S.C. 1062(a))—

(A) by striking "section 360(a)(2)" and inserting "section 399(a)(2)";

(B) by redesignating paragraphs (7) through (12) as paragraphs (8) through (13), respectively; and

(C) by inserting after paragraph (6) the following:

"(7) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.";

(8) in section 324(d)(2) (20 U.S.C. 1063(d)(2)), by striking "section 360(a)(2)(A)" and inserting "section 399(a)(2)(A)";

(9) in section 326(e)(1) (20 U.S.C. 1063b(e)(1)), in the matter preceding subparagraph (A), by inserting a colon after "the following";

(10) in section 327(b) (20 U.S.C. 1063c(b)), by striking "initial";

(11) in section 342(5)(C) (20 U.S.C. 1066a(5)(C))—

(A) by inserting a comma after "equipment" the first place it appears; and

(B) by striking "technology,," and inserting "technology,";

(12) in section 343(e) (20 U.S.C. 1066b(e)), by inserting after the subsection designation the following: "SALE OF QUALIFIED BONDS.—";

(13) in section 351(a) (20 U.S.C. 1067a(a)), by striking "of 1979";

(14) in section 391(b)(7)(E) (20 U.S.C. 1068(b)(7)(E)), by striking "subparagraph (E)" and inserting "subparagraph (D)"; and

(15) in section 396 (20 U.S.C. 1068e), by striking "section 360" and inserting "section 399".

(b) REPEAL.—Section 1024 (20 U.S.C. 1135b–3), as transferred by section 301(a)(5) of the Higher Education Amendments of 1998 (Public Law 105–244; 112 Stat. 1636), is repealed.

SEC. 305. TITLE III AUTHORIZATIONS.

Section 399(a) (20 U.S.C. 1068h(a)) is amended—

(1) by striking "1999" each place it appears and inserting "2006";

(2) by striking "4 succeeding fiscal years" each place it appears and inserting "5 succeeding fiscal years";

(3) in paragraph (1)—

(A) by striking "$10,000,000" in subparagraph (B) and inserting "$23,800,000"; and

(B) by striking "$5,000,000" in subparagraph (C) and inserting "$11,900,000";

(4) in paragraph (2)—

(A) by striking "$135,000,000" in subparagraph (A) and inserting "$241,000,000"; and

(B) by striking "$35,000,000" in subparagraph (B) and inserting "$59,000,000"; and

(5) in paragraph (4), by striking "$110,000" and inserting "$212,000".

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

SEC. 401. PELL GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 401(a) (20 U.S.C. 1070a(a)) is amended by striking "2004" and inserting "2012".

(b) DIRECT PAYMENT.—Section 401(a) (20 U.S.C. 1070a(a)) is further amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

(c) MAXIMUM PELL GRANT INCREASE.— Paragraph (2)(A) of section 401(b) 20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

"(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be $6,000 for academic years 2006–2007 through 2012–2013, less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.".

(d) TUITION SENSITIVITY.—Section 401(b) is further amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) through (8) as paragraphs (3) through (7), respectively.

(e) MULTIPLE GRANTS.—Paragraph (5) of section 401(b) (as redesignated by subsection (d)(2)) is amended to read as follows:

"(5) YEAR-ROUND PELL GRANTS.—

"(A) IN GENERAL.—The Secretary shall, for students enrolled full time in a baccalaureate or associate's degree program of study at an eligible institution, award such students two Pell grants during a single award year to permit such students to accelerate progress toward their degree objectives by enrolling in academic programs for 12 months rather than 9 months.

"(B) LIMITATION.—The Secretary shall limit the awarding of additional Pell grants under this paragraph in a single award year to students attending—

"(i) baccalaureate degree granting institutions that have a graduation rate as reported by the Integrated Postsecondary Education Data System for the 4 preceding academic years of at least 30 percent; or

"(ii) two-year institutions that have a graduation rate as reported by the Integrated Postsecondary Education Data Systems, in at least one of the last 3 years for which data is available, that is above the average for the applicable year for the institution's type and control.

"(C) EVALUATION.—The Secretary shall conduct an evaluation of the program under this paragraph and submit to the Congress an evaluation report no later than October 1, 2011.

"(D) REGULATIONS REQUIRED.—The Secretary shall promulgate regulations implementing this paragraph.".

(f) INELIGIBILITY BASED ON INVOLUNTARY CIVIL COMMITMENT FOR SEXUAL OFFENSES.—Paragraph (7) of section 401(b) (as redesignated by subsection (d)(2)) is amended by inserting before the period the following: "or who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined under regulations of the Secretary)".

(g) PELL GRANT ELIGIBILITY DURATION.—Section 401(c) (20 U.S.C. 1070a(c)) is amended—

(1) in paragraph (1)—

(A) by striking "The period" and inserting in lieu thereof "Subject to paragraph (5), the period"; and

(B) by striking the period at the end thereof and inserting "but shall be subject to the limitation described in paragraph (5).".; and

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

"(5) The period during which a student may receive Federal Pell Grants shall not exceed the equivalent of 18 semesters or 27 quarters in duration (as determined by the Secretary by regulation), without regard to whether the student is enrolled on a full-time basis during any portion of that period, and including any period of time for which the student received Federal Pell Grants prior to the date of enactment of the College Access and Opportunity Act of 2005.".

(h) ELIGIBILITY PERIOD.—Section 401(c)(2) (20 U.S.C. 1070a(c)(2)) is amended by inserting ", for not more than one academic year," after "which are determined by the institution" in the first sentence.

(i) PELL GRANTS PLUS: ACHIEVEMENT GRANTS FOR STATE SCHOLARS PROGRAM.—

(1) AMENDMENT.—Subpart 1 of part A of title IV is amended by inserting after section 401 (20 U.S.C. 1070a) the following new section:

"SEC. 401A. PELL GRANTS PLUS: ACHIEVEMENT GRANTS FOR STATE SCHOLARS.

"(a) GRANTS AUTHORIZED.—From sums appropriated to carry out section 401, the Secretary shall establish a program to award Pell Grants Plus to students who—

"(1) have successfully completed a rigorous high school program of study established by a State or local educational agency in consultation with a State coalition assisted by the Center for State Scholars;

"(2) are enrolled full-time in the first academic year of undergraduate education, and have not been previously enrolled in a program of undergraduate education; and

"(3) are eligible to receive Federal Pell Grants for the year in which the grant is awarded.

"(b) AMOUNT OF GRANTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the grant awarded under this section shall be $1,000.

"(2) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—A grant awarded under this section to any student, in combination with the Federal Pell Grant assistance and other student financial assistance available to such student, may not exceed the student's cost of attendance.

"(c) SELECTION OF RECIPIENTS.—

"(1) PROCEDURES ESTABLISHED BY REGULATION.—The Secretary shall establish by regulation procedures for the determination of eligibility of students for the grants awarded under this section. Such procedures shall include measures to ensure that eligibility is determined in a timely and accurate manner consistent with the requirements of section 482 and the submission of the financial aid form required by section 483.

"(2) REQUIRED INFORMATION.—Each eligible student desiring an award under this section shall submit at such time and in such manner such information as the Secretary may reasonably require.

"(3) CONTINUATION OF GRANT REQUIREMENTS.—In order for a student to continue to be eligible to receive an award under this section for the second year of undergraduate education, the eligible student must—

"(A) maintain eligibility to receive a Federal Pell Grant for that year;

"(B) obtain a grade point average of at least 3.0 (or the equivalent as determined under regulations prescribed by the Secretary) for the first year of undergraduate education; and

"(C) be enrolled full-time and fulfill the requirements for satisfactory progress described in section 484(c).

"(d) EVALUATION, AND REPORTS.—The Secretary shall monitor the progress, retention, and completion rates of the students to whom awards are provided under this section. In doing so, the Secretary shall evaluate the impact of the Pell Grants Plus Program and report, not less than biennially, to the authorizing committees of the House of Representatives and the Senate.".

(2) CONFORMING AMENDMENT.—Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a–31 through 1070a–35) is repealed.

SEC. 402. TRIO PROGRAMS.

(a) DURATION OF GRANTS.—

(1) AMENDMENT.—Section 402A(b)(2) (20 U.S.C. 1070a–11(b)(2)) is amended to read as follows:

"(2) DURATION.—Grants or contracts awarded under this chapter shall be awarded for a period of 5 years, except that—

"(A) grants under section 402G shall be awarded for a period of 2 years; and

"(B) grants under section 402H shall be awarded for a period determined by the Secretary.".

(2) TRANSITION TO SYNCHRONOUS GRANT PERIODS.—Notwithstanding section 402A(b)(2) of the Higher Education Act of 1965 (as in effect both prior to and after the amendment made by paragraph (1) of this subsection), the Secretary of Education may continue an award made before the date of enactment of this Act under section 402B, 402C, 402D, 402E, or 402F of such Act as necessary to permit all the awards made under such a section to expire at the end of the same fiscal year, and thereafter to expire at the end of 5 years as provided in the amendment made by paragraph (1) of this subsection.

(b) MINIMUM GRANTS.—Section 402A(b)(3) (20 U.S.C. 1070a–11(b)(3)) is amended to read as follows:

"(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants for programs authorized under this chapter shall be no less than $200,000, except that individual grants for programs authorized under section 402G shall be no less than $170,000.".

(c) PRIOR EXPERIENCE; NOVICE APPLICANTS.—Section 402A(c)(2) (20 U.S.C. 1070a–11(c)(2)) is amended—

(1) by striking "In making grants" and inserting "(A) Subject to subparagraph (B), in making grants"; and

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

"(B) From the amount available under subsection (h) for a program under this chapter (other than a program under section 402G or 402H) for any fiscal year in which the Secretary conducts a competition for the award of grants or contracts under such program, the Secretary shall reserve 10 percent of such available amount for purposes of funding applications from novice applicants. If the Secretary determines that there are an insufficient number of qualified novice applicants to utilize the amount so reserved, the Secretary shall restore the unutilized remainder of the amount reserved for use by applicants qualifying under subparagraph (A).".

(d) APPLICATION STATUS.—Section 402A(c) (20 U.S.C. 1070a–11(c)) is amended by striking paragraph (7).

(e) DOCUMENTATION OF STATUS.—Section 402A(e) (20 U.S.C. 1070a–11(e)) is amended by striking "(g)(2)" each place it appears in paragraphs (1) and (2) and inserting "(i)(4)".

(f) HOMELESS AND UNACCOMPANIED YOUTH.—Section 402A(e) is further amended by adding at the end the following new paragraph:

"(3) Notwithstanding this subsection and subsection (i)(4), individuals who are homeless or unaccompanied youth as defined in section 725 of the McKinney-Vento Homeless Assistance Act shall be eligible to participate in programs under sections 402B, 402C, 402D, and 402F of this chapter.".

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 402A(f) (20 U.S.C. 1070a–11(f)) is amended by striking "$700,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "$836,500,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

(h) DEFINITION.—Section 402A(g) (20 U.S.C. 1070a–11(g)) is amended—

(1) in paragraph (3), by striking "by reason of such individual's age";

(2) by redesignating paragraphs (1) through (4) as paragraphs (3) through (6), respectively; and

(3) by inserting before paragraph (3), as redesignated, the following:

"(1) DIFFERENT CAMPUS.—The term 'different campus' means an institutional site that—

"(A) is geographically apart from the main campus of the institution;

"(B) is permanent in nature; and

"(C) offers courses in educational programs leading to a degree, certificate, or other recognized educational credential.

"(2) DIFFERENT POPULATION.—The term 'different population' means a group of individuals, with respect to whom an entity seeks to serve through an application for funding under this chapter, that—

"(A) is separate and distinct from any other population that the entity seeks to serve through an application for funding under this chapter; or

"(B) while sharing some of the same needs as another population that the entity seeks to serve through an application for funding under this chapter, has distinct needs for specialized services.".

(i) EDUCATION AND COUNSELING SERVICES.—Chapter 1 of subpart 2 of part A of title IV is further amended—

(1) in section 402B(b) (20 U.S.C. 1070a–12(b))—

(A) by redesignating paragraphs (3) through (10) as paragraphs (4) through (11), respectively;

(B) by inserting after paragraph (2) the following:

"(3) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;"; and

(C) in paragraph (11), as redesignated by subparagraph (A), by striking "paragraphs (1) through (9)" and inserting "paragraphs (1) through (10)";

(2) in section 402C (20 U.S.C. 1070a–13)—

(A) in subsection (b)—

(i) by redesignating paragraphs (2) through (12) as paragraphs (3) through (13), respectively;

(ii) by inserting after paragraph (1) the following:

"(2) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;";

(iii) in paragraph (12), as redesignated by clause (i), by inserting ", specifically in the fields of math and science" after "postsecondary education"; and

(iv) in paragraph (13), as redesignated by clause (i), by striking "paragraphs (1) through (11)" and inserting "paragraphs (1) through (12)"; and

(B) in subsection (e), by striking "subsection (b)(10)" and inserting "subsection (b)(11)";

(3) in section 402D(b) (20 U.S.C. 1070a–14(b))—

(A) by redesignating paragraphs (2) through (10) as paragraphs (3) through (11), respectively;

(B) by inserting after paragraph (1) the following:

"(2) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;"; and

(C) in paragraph (11), as redesignated by subparagraph (A), by striking "paragraphs (1) through (9)" and inserting "paragraphs (1) through (10)";

(4) in section 402E(b) (20 U.S.C. 1070a–15(b))—

(A) by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively; and

(B) by inserting after paragraph (6) the following:

"(7) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;"; and

(5) in section 402F(b) (20 U.S.C. 1070a–16(b))—

(A) by redesignating paragraphs (4) through (10) as paragraphs (5) through (11), respectively;

(B) by inserting after paragraph (3) the following:

"(4) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;"; and

(C) in paragraph (11), as redesignated by subparagraph (A), by striking "paragraphs (1) through (9)" and inserting "paragraphs (1) through (10)".

(j) MAXIMUM STIPENDS.—Section 402C(e) (20 U.S.C. 1070a–13(e)) is amended—

(1) by striking "$60" and inserting "$100"; and

(2) by striking "$40" and inserting "$60".

(k) STUDENT SUPPORT SERVICES.—Section 402D(d)(6) (20 U.S.C. 1070a–14(d)(6)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) working with other entities that serve low-income working adults to increase access to and successful progress in postsecondary education by low-income working adults seeking their first postsecondary degree or certificate.".

(l) POSTBACCALAUREATE ACHIEVEMENT MAXIMUM STIPENDS.—Section 402E(e)(1) (20 U.S.C. 1070a–15(e)(1)) is amended by striking "$2,800" and inserting "$5,000".

(m) EDUCATIONAL OPPORTUNITY CENTERS: APPLICATION APPROVAL.—Section 402F(c) (20 U.S.C. 1070a–16(c)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) consider the extent to which the proposed project would provide services to low-income working adults in the region to be served, in order to increase access to postsecondary education by low-income working adults.".

SEC. 403. TRIO REFORM.

(a) PERFORMANCE MEASURES.—Section 402A (20 U.S.C. 1070a-11) is amended—

(1) by redesignating subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (g), (h), and (i), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c) PERFORMANCE MEASURES.—

"(1) IN GENERAL.—The Secretary shall establish expected program outcomes and procedures for measuring, annually and for longer periods, the quality and effectiveness of programs operated under this chapter, and the impact of the services provided through the programs to support the attainment of higher education for students from disadvantaged backgrounds, low-income individuals, and prospective first-generation college students.

"(2) USE OF MEASURES.—The performance measures described in paragraph (1) shall be used to—

"(A) assess the impact of the specific services provided by recipients of grants or contracts under this chapter and, to the extent the Secretary finds

appropriate, administrative and financial management practices of such programs;

"(B) identify strengths and weaknesses in the provision of services provided by grantees under this chapter;

"(C) identify project operations that may require training and technical assistance resources.

"(3) ADDITIONAL MEASURES.—In addition to the performance measures in paragraph (1), each grant recipient may establish local performance measures.".

(b) SELECTION.—Subsection (d) of such section (as redesignated by subsection (a)(1) of this section) is amended—

(1) by redesignating paragraphs (2) through (6) as paragraphs (3) through (7), respectively; and

(2) by inserting after paragraph (1) the following new paragraph:

"(2) SELECTION.—

"(A) IN GENERAL.—In awarding grants from among qualified applicants, the Secretary shall consider the effectiveness of each applicant in providing services under this chapter, based on—

"(i) the plan of such applicant to deliver program services and achieve expected program outcomes established by the Secretary;

"(ii) the plan of such applicant to coordinate program services with other programs for disadvantaged students; and

"(iii) any prior experience of such applicant in achieving expected program outcomes under this chapter.

"(B) ADDITIONAL CRITERIA.—The Secretary may establish additional selection criteria as necessary to identify the most qualified applicants.".

(c) PRIOR EXPERIENCE.—Paragraph (3) of such subsection (d) (as amended by section 402(c) and redesignated by subsection (b)(1) of this section) is amended—

(1) by striking subparagraph (A) and inserting "(A) In making grants under this chapter, the Secretary shall use the measures described in subsection (c)(1) to evaluate each applicant's prior experience in achieving expected program outcomes under the particular program for which funds are sought."; and

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

"(C) The Secretary shall not give prior experience points to any current grantee that during the then most recent period for which funds were provided—

"(i) failed to meet one or more expected program outcomes based on the performance measures described in subsection (c); or

"(ii) expended funds for indirect costs in an amount that exceeded 8 percent of the total grant award.".

(d) ORDER OF AWARDS.—Paragraph (4) of such subsection (d) (as redesignated by subsection (b)(1) of this section) is amended—

(1) in subparagraph (A)—

(A) by striking "under paragraph (4)" and inserting "under paragraph (5)"; and

(B) by stiking "with paragraph (2)" and inserting "with paragraph (3)"; and

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

"(B) The Secretary shall not provide assistance to an entity if the Secretary has determined that such entity has involved the fraudulent use of public or private funds.".

(e) TECHNICAL ASSISTANCE.—Paragraph (3) of subsection (e) of such section (as redesignated by subsection (a)(1) of this section) is amended to read as follows:

"(3) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to applicants for projects and programs authorized under this chapter. The Secretary shall give priority to serving programs and projects that serve geographic areas and eligible populations which have been underserved by the programs assisted under this chapter. Technical training activities shall include the provision of information on authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and application deadlines, and assistance in the development of program proposals and the completion of program applications.".

(f) RECORDKEEPING AND REPORTING.—Section 402A is further amended by inserting after subsection (e) of such section (as redesignated by subsection (a)(1) of this section) the following new subsection:

"(f) RECORDKEEPING AND REPORTING.—

"(1) IN GENERAL.—The Secretary shall establish uniform reporting requirements and require each recipient of funds under this chapter to submit annually and in electronic form such information in such manner and form and at such time as the Secretary may require, except that reporting such information shall not reveal personally identifiable information about an individual student.

"(2) REPORT TO CONGRESS.—At least once every 2-year period, the Secretary shall prepare and submit to the authorizing committees, a report on the services provided to students that shall include—

"(A) a statement for the then most recently concluded fiscal year specifying—

"(i) the amount of funds received by grantees to provide services under this chapter; and

"(ii) the amount of funds received by new grantees to provide services under this chapter;

"(B) a description of the specific services provided to students;

"(C) a summary of the overall success in achieving specific program outcomes or progress toward such outcomes;

"(D) a report of the number of students served by types of service received;

"(E) information summarizing the types of organizations that received funds under this chapter; and

"(F) a summary of the research and evaluation activities under section 402H, including—

"(i) a status report on ongoing activities; and

"(ii) results, conclusions, and recommendations of such activities available after the then most recent report.".

(g) INCREASED MONITORING.—Subsection (h) of such section (as redesignated by subsection (a)(1) of this section) is amended by striking everything after the first sentence and inserting the following: "Of the amount appropriated under this chapter, the Secretary may use no more than one half of 1 percent of such amount to support the administration of the Federal TRIO programs including to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to prospective applicants and current grantees.".

(h) EXPECTED PROGRAM OUTCOME.—

(1) Section 402B (20 U.S.C. 1070a-12) is amended by adding at the end the following new subsection:

"(d) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.".

(2) Section 402C (20 U.S.C. 1070a-12) is amended by adding at the end the following new subsection:

"(f) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.".

(3) Section 402D (20 U.S.C. 1070a-12) is amended by adding at the end the following new subsection:

"(e) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.".

(4) Section 402E (20 U.S.C. 1070a-12) is amended by striking subsection (f) and inserting the following:

"(f) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.".

(5) Section 402F (20 U.S.C. 1070a-12) is amended by adding at the end the following new subsection:

"(d) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.".

(i) STAFF DEVELOPMENT.—Section 402G (20 U.S.C. 1070a-17) is amended to read as follows:

"SEC. 402G. STAFF DEVELOPMENT ACTIVITIES.

"(a) SECRETARY'S AUTHORITY.—For the purpose of improving the operation of the programs and projects authorized by this chapter, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training and technical assistance for staff and leadership personnel employed in, participating in, or preparing for employment in, such programs and projects.

"(b) CONTENTS OF TRAINING PROGRAMS.—Such training shall be provided to assist programs and projects in—

"(1) achieving the expected program outcomes stated under this chapter or additional outcomes identified by individual programs or projects;

"(2) addressing any identified program weaknesses in the overall development, conduct, or administration of a grant or contract;

"(3) improving the quality of services provided to eligible students; or

"(4) additional areas in need of program improvement as identified by the Secretary or as requested by grantees in order to enhance program operations and outcomes.

"(c) CONSULTATION.—Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.".

(j) EVALUATIONS.—Section 402H (20 U.S.C. 1070a-18) is amended to read as follows:

"SEC. 402H. EVALUATIONS.

"(a) EVALUATIONS.—

"(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this chapter, the Secretary shall make grants to or enter into contracts with one or more organizations to—

"(A) evaluate the effectiveness of the programs and projects assisted under this chapter; and

"(B) disseminate information on the impact of the programs in increasing the education level of participating students, as well as other appropriate measures.

"(2) ISSUES TO BE EVALUATED.—The evaluations described in paragraph (1) shall measure the effectiveness of programs under this chapter in—

"(A) meeting the expected program outcomes stated under this chapter and all performance measures identified by the Secretary;

"(B) enhancing the access of low-income individuals and first-generation college students to postsecondary education;

"(C) preparing individuals and students for postsecondary education;

"(D) comparing the level of education completed by students who participate in the programs funded under this chapter with the level of education completed by students of similar backgrounds who do not participate in such programs;

"(E) comparing the retention rates, dropout rates, graduation rates, and college admission and completion rates of students who participate in the programs funded under this chapter with the rates of students of similar backgrounds who do not participate in such programs; and

"(F) such other issues as the Secretary considers appropriate for inclusion in the evaluation.

"(3) PROGRAM METHODS.—Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.

"(b) RESULTS.—The Secretary shall submit to the authorizing committees—

"(1) an annual interim report on the progress and preliminary results of the evaluation of each program funded under this chapter no later than 2 years following the date of enactment of the College Access and Opportunity Act of 2005; and

"(2) a final report not later than 3 years following the date of enactment of such Act.

"(c) PUBLIC AVAILABILITY.—All reports and underlying data gathered pursuant to this section shall be made available to the public upon request, in a timely manner following submission of the applicable reports under subsection (b), except that any personally identifiable information on students participating in any TRIO program shall not be disclosed or made available to the public.".

SEC. 404. GEARUP.

(a) DURATION OF AWARDS.—Section 404A(b) (20 U.S.C. 1070a–21(b)) is amended—

(1) in paragraph (2)(B), by striking "Higher Education Amendments of 1998" and inserting "College Access and Opportunity Act of 2005"; and

(2) by adding at the end thereof the following new paragraph:

"(3) DURATION.—An award made by the Secretary under this chapter to an eligible entity described in paragraph (1) or (2) of subsection (c) shall be for the period of 6 years.".

(b) CONTINUING ELIGIBILITY.—Section 404A (20 U.S.C. 1070a–21) is amended by adding at the end the following new subsection:

"(d) CONTINUING ELIGIBILITY.—An eligible entity shall not cease to be an eligible entity upon the expiration of any grant under this chapter (including a continuation award).".

(c) CONTINUITY OF SERVICE.—

(1) COHORT APPROACH.—Section 404B(g)(1)(B) (20 U.S.C. 1070a–22(g)(1)(B)) is amended by inserting "and provide the option of continued services through the student's first year of attendance at an eligible institution of higher education" after "grade level".

(2) EARLY INTERVENTION.—Section 404D (20 U.S.C. 1070a–24) is amended—

(A) in subsection (b)(2)(A), by inserting "and students in the first year of attendance at an eligible institution of higher education" after "grade 12"; and

(B) in subsection (c), by inserting ", and may consider students in their first year of attendance at an eligible institution," after "grade 12".

(d) COORDINATION.—Section 404C(a)(2) (20 U.S.C. 1070a–23(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (A);

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

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

"(B) describe activities for coordinating, complementing, and enhancing services under this chapter provided by other eligible entities in the State; and".

(e) EDUCATION AND COUNSELING SERVICES.—Section 404D(b)(2)(A)(ii) (20 U.S.C. 1070a–24(b)(2)(A)(ii)) is amended by striking "and academic counseling" and inserting "academic counseling, and financial literacy and economic literacy education or counseling".

(f) HOMELESS AND UNACCOMPANIED YOUTH.—Section 404D is further amended by adding at the end the following new subsection:

"(e) HOMELESS AND UNACCOMPANIED YOUTH.—Notwithstanding any other provision of this chapter, individuals who are homeless or unaccompanied youth as defined in section 725 of the McKinney-Vento Homeless Assistance Act shall be eligible to participate in programs under this section.".

(g) REAUTHORIZATION.—Section 404H (20 U.S.C. 1070a–28) is amended by striking "$200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "$306,500,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

SEC. 405. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 413A(b)(1) (20 U.S.C. 1070b(b)(1)) is amended by striking "$675,000,000 for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years" and inserting "$779,000,000 for fiscal year 2006 and such sums as may be necessary for the 5 succeeding fiscal years".

(b) PRIORITY OF AWARDS.—Paragraph (2) of section 413C(c) (20 U.S.C. 1070b-2(c)(2)) is amended to read as follows:

"(2) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

"(A) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484; and

"(B) will award no more than 10 percent of each institution's allocation received under section 413D to students who did not receive Federal Pell Grants in a prior year.".

(c) PHASEOUT OF ALLOCATION BASED ON PREVIOUS ALLOCATIONS.—

(1) AMENDMENT.—Subsection (a) of section 413D (20 U.S.C. 1070b–3(a)) is amended to read as follows:

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

"(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 413A(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraph (2), first allocate to each eligible institution an amount equal to the following percentage of the amount such institution received under sub-

section (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year):

"(A) 80 percent for fiscal years 2008 and 2009;

"(B) 60 percent for fiscal years 2010 and 2011;

"(C) 40 percent for fiscal years 2012 and 2013;

"(D) 20 percent for fiscal years 2014 and 2015; and

"(E) 0 percent for fiscal year 2016 and any succeeding fiscal year.

"(2) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

"(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

"(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).

"(3) ADDITIONAL ALLOCATIONS FOR CERTAIN INSTITUTIONS.—

"(A) ALLOCATIONS PERMITTED.—Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this subpart exceeds $700,000,000 among eligible institutions described in subparagraph (B).

"(B) ELIGIBLE INSTITUTIONS.—An otherwise eligible institution may receive a portion of the allocation described in subparagraph (A) if—

"(i) not less than 10 percent of the students attending the institution receive Federal Pell Grants; and

"(ii)(I) in the case of an institution that offers programs of at least 4 years in duration, if its graduation rate for Federal Pell Grant recipients attending the institution and graduating within the period of time equal to normal duration of the longest undergraduate program offered by the institution, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)); or

"(II) in the case of an institution that offers programs of at least 2, but less than 4, years in duration, if its rate for Federal Pell Grant recipients attending the institution and graduating or transferring to an institution that offers programs of at least 4 years in duration within the period of time equal to the normal duration of the program offered, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to any amounts appropriated under section 413A(b) of the Higher Education Act of 1965 (20 U.S.C. 1070b(b)) for fiscal year 2008 or any succeeding fiscal year.

(d) BOOKS AND SUPPLIES.—Section 413D(c)(3)(D) (20 U.S.C. 1070–3(c)(3)(D)) is amended by striking "$450" and inserting "$600".

SEC. 406. LEAP.

Section 415A(b)(1) (20 U.S.C. 1070c(b)(1)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 407. HEP/CAMP PROGRAM.

Section 418A (20 U.S.C. 1070d–2) is amended—

(1) in subsection (b)(1)(B)(i), by inserting ", or whose spouse" after "themselves";

(2) in subsection (b)(3)(B), by inserting ", including preparation for college entrance exams" after "program";

(3) in subsection (b)(8), by inserting ", including child care and transportation" after "supportive services";

(4) by striking "and" at the end of subsection (b)(7), by striking the period at the end of subsection (b)(8) and inserting "; and", and by adding at the end of subsection (b) the following new paragraph:

"(9) follow-up activity and reporting requirements, except that not more than 2 percent of the funds provided under this section may be used for such purposes.";

(5) in subsection (c)(1)(A), by inserting ", or whose spouse" after "themselves";

(6) in subsection (c)(1)(B), by striking clause (i) and inserting the following:

"(i) personal, academic, career, and economic education or personal finance counseling as an ongoing part of the program;";

(7) in subsection (c)(2)(B), by inserting "(including mentoring and guidance of such students)" after "services";

(8) in subsection (c)(2), by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting "; and", and by adding at the end of subsection (c)(2) the following new subparagraph:

"(C) for students in any program that does not award a bachelor's degree, encouraging the transfer to, and persistence in, such a program, and monitoring the rate of such transfer, persistence, and completion.";

(9) in subsection (e), by striking "section 402A(c)(1)" and inserting "section 402A(c)(2)"; and

(10) in subsection (h)—

(A) in paragraph (1), by striking "$15,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "$24,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years"; and

(B) in paragraph (2), by striking "$5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "$16,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

SEC. 408. ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM.

Subpart 6 of part A of title IV is amended to read as follows:

"Subpart 6—Robert C. Byrd Honors Scholarship Program

"SEC. 419A. ROBERT C. BYRD MATHEMATICS AND SCIENCE HONORS SCHOLARSHIP PROGRAM.

"(a) PURPOSE.—The purpose of this section is to award scholarships to students who are enrolled in studies leading to baccalaureate and advanced degrees in physical, life, or computer sciences, mathematics, and engineering.

"(b) DEFINITIONS.—As used in this section—

"(1) the term 'computer science' means the branch of knowledge or study of computers, including such fields of knowledge or study as computer hardware, computer software, computer engineering, information systems, and robotics;

"(2) the term 'eligible student' means a student who—

"(A) is a citizen of the United States;

"(B) is selected by the managing agent to receive a scholarship;

"(C) is enrolled full-time in an institution of higher education, other than a United States service academy; and

"(D) has shown a commitment to and is pursuing a major in studies leading to a baccalaureate, masters, or doctoral degree (or a combination thereof) in physical, life, or computer sciences, mathematics, or engineering;

"(3) the term 'engineering' means the science by which the properties of matter and the sources of energy in nature are made useful to humanity in structures, machines, and products, as in the construction of engines, bridges, buildings, mines, and chemical plants, including such fields of knowledge or study as aeronautical engineering, chemical engineering, civil engineering, electrical engineering, industrial engineering, materials engineering, manufacturing engineering, and mechanical engineering;

"(4) the term 'life sciences' means the branch of knowledge or study of living things, including such fields of knowledge or study as biology, biochemistry, biophysics, microbiology, genetics, physiology, botany, zoology, ecology, and behavioral biology, except that the term does not encompass social psychology or the health professions;

"(5) the term 'managing agent' means an entity to which an award is made under subsection (c) to manage a program of Mathematics and Science Honors Scholarships;

"(6) the term 'mathematics' means the branch of knowledge or study of numbers and the systematic treatment of magnitude, relationships between figures and forms, and relations between quantities expressed symbolically, including such fields of knowledge or study as statistics, applied mathematics, and operations research; and

"(7) the term 'physical sciences' means the branch of knowledge or study of the material universe, including such fields of knowledge or study as astronomy, atmospheric sciences, chemistry, earth sciences, ocean sciences, physics, and planetary sciences.

"(c) AWARD.—

"(1)(A) From funds authorized under section 419D to carry out this section, the Secretary is authorized, through a grant or cooperative agreement, to make

an award to a private, non-profit organization, other than an institution of higher education or system of institutions of higher education, to manage, through a public and private partnership, a program of Mathematics and Science Honors Scholarships under this section.

"(B) The award under subparagraph (A) shall be for a five-year period.

"(2)(A) One hundred percent of the funds awarded under paragraph (1)(A) for any fiscal year shall be obligated and expended solely on scholarships to eligible students.

"(B) No Federal funds shall be used to provide more than 50 percent of the cost of any scholarship to an eligible student.

"(C) The maximum scholarship award shall be the difference between an eligible student's cost of attendance minus any non-loan based aid such student receives.

"(3)(A) The secretary may establish—

"(i) eligibility criteria for applicants for managing agent, including criteria regarding financial and administrative capability; and

"(ii) operational standards for the managing agent, including management and performance requirements, such as audit, recordkeeping, record retention, and reporting procedures and requirements.

"(B) The Secretary, as necessary, may review and revise any criteria, standards, and rules established under this paragraph and, through the agreement with the managing agent, see that any revisions are implemented.

"(4) If the managing agent fails to meet the requirements of this section the Secretary may terminate the award to the managing agent.

"(5) The Secretary shall conduct outreach efforts to help raise awareness of the Mathematics and Science Honors Scholarships.

"(d) DUTIES OF THE MANAGING AGENT.—The managing agent shall—

"(1) develop criteria to award Mathematics and Science Honors Scholarships based on established measurements available to secondary students who wish to pursue degrees in physical, life, or computer sciences, mathematics, and engineering;

"(2) establish a Mathematics and Science Honors Scholarship Fund in a separate, named account that clearly discloses the amount of Federal and non-Federal funds deposited in the account and used for scholarships under this section;

"(3) solicit funds for scholarships and for the administration of the program from non-Federal sources;

"(4) solicit applicants for scholarships;

"(5) from the amounts in the Fund, award scholarships to eligible students and transfer such funds to the institutions of higher education that they attend; and

"(6) annually submit to the Secretary a financial audit and a report on the progress of the program, and such other documents as the Secretary may require to determine the effective management of the program.

"(e) APPLICATIONS.—

"(1) Any eligible entity that desires to be the managing agent under this section shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

"(2) Each application shall include a description of—

"(A) how the applicant meets or will meet requirements established under subsections (c)(3)(A) and (d);

"(B) how the applicant will solicit funds for scholarships and for the administration of the program from non-Federal sources;

"(C) how the applicant will provide nationwide outreach to inform students about the program and to encourage students to pursue degrees in physical, life, or computer sciences, mathematics, and engineering;

"(D) how the applicant will solicit applications for scholarships, including how the applicant will balance efforts in urban and rural areas;

"(E) the selection criteria based on established measurements available to secondary students the applicant will use to award scholarships and to renew those awards;

"(F) how the applicant will inform the institution of higher education chosen by the recipient of the name and scholarship amount of the recipient;

"(G) what procedures and assurances the applicant and the institution of higher education that the recipient attends will use to verify student eligibility, attendance, degree progress, and academic performance and to deliver and account for payments to such institution;

"(H) the management (including audit and accounting) procedures the applicant will use for the program;

"(I) the human, financial, and other resources that the applicant will need and use to manage the program;

"(J) how the applicant will evaluate the program and report to the Secretary annually; and

"(K) a description of how the entity will coordinate with, complement, and build on similar public and private mathematics and science programs.

"(f) SCHOLARSHIP RECIPIENTS.—

"(1) A student receiving a scholarship under this section shall be known as a 'Byrd Mathematics and Science Honors Scholar'.

"(2) Any student desiring to receive a scholarship under this section shall submit an application to the managing agent in such form, and containing such information, as the managing agent may require.

"(3) Any student that receives a scholarship under this section shall enter into an agreement with the managing agent to complete 5 consecutive years of service to begin no later than 12 months following completion of the final degree in a position related to physical, life, or computer sciences, mathematics, or engineering as defined under this section.

"(4) If any student that receives a scholarship under this section fails to earn at least a baccalaureate degree in physical, life, or computer sciences, mathematics, or engineering as defined under this section, the student shall repay to the managing agent the amount of any financial assistance paid to such student.

"(5) If any student that receives a scholarship under this section fails to meet the requirements of paragraph (3), the student shall repay to the managing agent the amount of any financial assistance paid to such student.

"(6)(A) Scholarships shall be awarded for only one academic year of study at a time.

"(B)(i) A scholarship shall be renewable on an annual basis for the established length of the academic program if the student awarded the scholarship remains eligible.

"(ii) The managing agent may condition renewal of a scholarship on measures of academic progress and achievement, with the approval of the Secretary.

"(C)(i) If a student fails to either remain eligible or meet established measures of academic progress and achievement, the managing agent shall instruct the student's institution of higher education to suspend payment of the student's scholarship.

"(ii) A suspension of payment shall remain in effect until the student is able to demonstrate to the satisfaction of the managing agent that he or she is again eligible and meets the established measures of academic progress and achievement.

"(iii) A student's eligibility for a scholarship shall be terminated if a suspension period exceeds 12 months.

"(D)(i)(I) A student awarded a scholarship may, in a manner and under the terms established by, and with the approval of, the managing agent, postpone or interrupt his or her enrollment at an institution of higher education for up to 12 months.

"(II) Such a postponement or interruption shall not be considered a suspension for purposes of subparagraph (C).

"(ii) Neither a student nor the student's institution of higher education shall receive the student's scholarship payments during the period of postponement or interruption, but such payments shall resume upon enrollment or reenrollment.

"(iii) In exceptional circumstances, such as serious injury or illness or the necessity to care for family members, the student's postponement or interruption may, upon notification and approval of the managing agent, be extended beyond the 12 month period described in clause (i)(I).

"(g) RESPONSIBILITIES OF INSTITUTION OF HIGHER EDUCATION.—

"(1) The managing agent shall require any institution of higher education that enrolls a student who receives a scholarship under this section to annually provide an assurance, prior to making any payment, that the student—

"(A) is eligible in accordance with subsection (b)(2); and

"(B) has provided the institution with a written commitment to attend, or is attending, classes and is satisfactorily meeting the institution's academic criteria for enrollment in its program of study.

"(2)(A) The managing agent shall provide the institution of higher education with payments from the Fund for selected recipients in at least two installments.

"(B) An institution of higher education shall return prorated amounts of any scholarship payment to the managing agent, who shall deposit it in to the Fund,

if a recipient declines a scholarship, does not attend courses, transfers to another institution of higher education, or becomes ineligible for a scholarship.

"SEC. 419B. MATHEMATICS AND SCIENCE INCENTIVE PROGRAM.

"(a) PROGRAM.—

"(1) IN GENERAL.—The Secretary is authorized to carry out a program of assuming the obligation to pay, pursuant to the provisions of this section, the interest on a loan made, insured, or guaranteed under part B or D of this title.

"(2) ELIGIBILITY.—The Secretary may assume interest payments under paragraph (1) only for a borrower who—

"(A) has submitted an application in compliance with subsection (d);

"(B) obtained one or more loans described in paragraph (1) as an undergraduate student;

"(C) is a new borrower (within the meaning of section 103(7) of this Act) on or after the date of enactment of the College Access and Opportunity Act of 2005;

"(D) is a highly qualified teacher of science, technology, engineering or mathematics at an elementary or secondary school in a high need local educational agency, or is a mathematics, science, or engineering professional; and

"(E) enters into an agreement with the Secretary to complete 5 consecutive years of service in a position described in subparagraph (D), starting on the date of the agreement.

"(3) PRIOR INTEREST LIMITATIONS.—The Secretary shall not make any payments for interest that—

"(A) accrues prior to the beginning of the repayment period on a loan in the case of a loan made under section 428H or a Federal Direct Unsubsidized Stafford Loan; or

"(B) has accrued prior to the signing of an agreement under paragraph (2)(E).

"(4) INITIAL SELECTION.—In selecting participants for the program under this section, the Secretary—

"(A) shall choose among eligible applicants on the basis of—

"(i) the national security, homeland security, and economic security needs of the United States, as determined by the Secretary, in consultation with other Federal agencies, including the Departments of Labor, Defense, Homeland Security, Commerce, and Energy, the Central Intelligence Agency, and the National Science Foundation; and

"(ii) the academic record or job performance of the applicant; and

"(B) may choose among eligible applicants on the basis of—

"(i) the likelihood of the applicant to complete the 5-year service obligation;

"(ii) the likelihood of the applicant to remain in science, mathematics, or engineering after the completion of the service requirement; or

"(iii) other relevant criteria determined by the Secretary.

"(5) AVAILABILITY SUBJECT TO APPROPRIATIONS.—Loan interest payments under this section shall be subject to the availability of appropriations. If the amount appropriated for any fiscal year is not sufficient to provide interest payments on behalf of all qualified applicants, the Secretary shall give priority to those individuals on whose behalf interest payments were made during the preceding fiscal year.

"(6) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

"(b) DURATION AND AMOUNT OF INTEREST PAYMENTS.—The period during which the Secretary shall pay interest on behalf of a student borrower who is selected under subsection (a) is the period that begins on the effective date of the agreement under subsection (a)(2)(E), continues after successful completion of the service obligation, and ends on the earlier of—

"(1) the completion of the repayment period of the loan;

"(2) payment by the Secretary of a total of $5,000 on behalf of the borrower;

"(3) if the borrower ceases to fulfill the service obligation under such agreement prior to the end of the 5-year period, as soon as the borrower is determined to have ceased to fulfill such obligation in accordance with regulations of the Secretary; or

"(4) 6 months after the end of any calendar year in which the borrower's gross income equals or exceeds 4 times the national per capita disposable personal income (current dollars) for such calendar year, as determined on the basis of the National Income and Product Accounts Tables of the Bureau of Economic

Analysis of the Department of Commerce, as determined in accordance with regulations prescribed by the Secretary.

"(c) REPAYMENT TO ELIGIBLE LENDERS.—Subject to the regulations prescribed by the Secretary by regulation under subsection (a)(6), the Secretary shall pay to each eligible lender or holder for each payment period the amount of the interest that accrues on a loan of a student borrower who is selected under subsection (a).

"(d) APPLICATION FOR REPAYMENT.—

"(1) IN GENERAL.—Each eligible individual desiring loan interest payment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(2) FAILURE TO COMPLETE SERVICE AGREEMENT.—Such application shall contain an agreement by the individual that, if the individual fails to complete the 5 consecutive years of service required by subsection (a)(2)(E), the individual agrees to repay the Secretary the amount of any interest paid by the Secretary on behalf of the individual.

"(e) TREATMENT OF CONSOLIDATION LOANS.—A consolidation loan made under section 428C of this Act, or a Federal Direct Consolidation Loan made under part D of title IV of this Act, may be a qualified loan for the purpose of this section only to the extent that such loan amount was used by a borrower who otherwise meets the requirements of this section to repay—

"(1) a loan made under section 428 or 428H of this Act; or

"(2) a Federal Direct Stafford Loan, or a Federal Direct Unsubsidized Stafford Loan, made under part D of title IV of this Act.

"(f) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this section and—

"(1) any loan forgiveness program under title IV of this Act; or

"(2) subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

"(g) DEFINITIONS.—As used in this section—

"(1) the term 'high need local educational agency' has the same meaning given such term in section 201(b)(4); and

"(2) the term 'mathematics, science, or engineering professional' means a person who—

"(A) holds a baccalaureate, masters, or doctoral degree (or a combination thereof) in science, mathematics, or engineering; and

"(B) works in a field the Secretary determines is closely related to that degree, which shall include working as a professor at a two- or four-year institution of higher education.

"SEC. 419C. MATHEMATICS AND SCIENCE EDUCATION COORDINATING COUNCIL GRANTS.

"(a) PURPOSES.—The purposes of this section include—

"(1) supporting programs that encourage students to enroll in and successfully complete baccalaureate and advanced degrees in science, technology, engineering, and mathematics;

"(2) achieving the common objective of organizing, leading, and implementing State-based reform agendas that support the continuing improvement of mathematics and science education; and

"(3) improving collaboration in a State among the State educational agency, 2-year and 4-year institutions of higher education, and the business community through the development or improvement of a coordinating council.

"(b) DEFINITIONS.—For the purposes of this section:

"(1) the term 'eligible State' means—

"(A) the Governor of a State; or

"(B) in the case of a State for which the constitution or laws of the State designate an individual, entity, or agency in the State, other than the Governor, to be responsible for coordination among segments of the State's educational systems, such individual, entity, or agency.

"(2) the term 'mathematics and science education coordinating council' means an organization that is charged by a State with coordinating mathematics and science education in the State. Such a council shall be composed of education, business, and community leaders working together to increase student participation and academic achievement in mathematics and science.

"(c) STATE GRANTS.—From amounts made available under section 419D for this section, the Secretary is authorized to use not more than $5,000,000 to award grants on a competitive basis to eligible States for the purpose of carrying out activities described in subsection (d).

"(d) USES OF FUNDS.—An eligible State that receives a grant under this section is authorized to use grant funds to carry out one or more of the following activities:

"(1) In a State in which a mathematics and science education coordinating council does not exist, planning and establishing such a council.

"(2) In a State in which such a council exists, reforming or expanding the activities of the council, including implementing State-based reform agendas that support the continuing improvement of mathematics and science education, and support services that lead to better teacher recruitment and training, increased student academic achievement, and increased student enrollment and degree attainment in science, technology, engineering, and mathematics.

"(3) Coordinating with activities under part B of title II of the Elementary and Secondary Education Act of 1965 and with title II of this Act, especially as it pertains to the recruitment and preparation of highly qualified mathematics and science teachers.

"(e) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall submit an application to the Secretary that—

"(1) describes the activities the State will carry out with the funds;

"(2) contains a plan for continuing such activities once Federal funding ceases; and

"(3) contains such other information and assurances as the Secretary may require.

"(f) CONSULTATION.—The Governor of a State, or the individual, entity, or agency in the State described in subsection (b)(1)(B), shall consult with the State board of education, State educational agency, and the State agency for higher education, as appropriate, with respect to the activities assisted under this section. In the case of an individual, entity, or agency described in subsection (b)(1)(B), such consultation shall also include the Governor.

"(g) CONSTRUCTION.—Nothing in this section shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

"(h) ADMINISTRATIVE PROVISIONS.—

"(1) IN GENERAL.—

"(A) Grants awarded under this section shall be awarded for a period not to exceed 5 years.

"(B) A grantee may receive a grant under this part only once.

"(C) Payments of grant funds under this section shall be annual.

"(2) SECRETARIAL SELECTIONS.—The Secretary shall determine which applications receive funds under this section, and the amount of the grant. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this section and the nature of each grant proposal, including whether funds are being sought to assist in the creation of a new State mathematics and science education coordinating council or to extend the work of an existing council. The Secretary shall also take into account the equitable geographic distribution of grants throughout the United States.

"(3) MATCHING REQUIREMENT.—Each eligible State receiving a grant under this section shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the grant (in cash or in kind) to carry out the activities supported by the grant.

"(i) ACCOUNTABILITY AND EVALUATION.—

"(1) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under this section shall submit an annual accountability report to the Secretary. Such report shall include a description of the degree to which the eligible State, in using grant funds, has made substantial progress in meeting its objectives.

"(2) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this section and report the Secretary's findings regarding such activities to the authorizing committees. The Secretary shall broadly disseminate successful practices developed by eligible States under this section, and shall broadly disseminate information regarding such practices that were found to be ineffective.

"(3) REVOCATION.—If the Secretary determines that an eligible State is not making substantial progress in meeting the purposes, objectives, and measures, as appropriate, required under this section by the end of the second year of a grant, then the grant payment shall not be made for the third year and subsequent years of the grant.

"SEC. 419D. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $41,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years to carry out this subpart.".

SEC. 409. CHILD CARE ACCESS.

Section 419N(g) (20 U.S.C. 1070e(g)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 410. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

(a) REPEAL.—Subpart 8 of part A of title IV (20 U.S.C. 1070f—1070f–6) is repealed.

(b) CONFORMING AMENDMENT.—Section 400(b) (20 U.S.C. 1070(b)) is amended by striking "through 8" and inserting "through 7".

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. REAUTHORIZATION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 421(b)(5) (20 U.S.C. 1071(b)(5)) is amended by striking "an administrative cost allowance" and inserting "a loan processing and issuance fee".

(b) EXTENSION OF AUTHORITY.—

(1) FEDERAL INSURANCE LIMITATIONS.—Section 424(a) (20 U.S.C. 1074(a)) is amended—

(A) by striking "2004" and inserting "2012"; and

(B) by striking "2008" and inserting "2016".

(2) GUARANTEED LOANS.—Section 428(a)(5) (20 U.S.C. 1078(a)(5)) is amended—

(A) by striking "2004" and inserting "2012"; and

(B) by striking "2008" and inserting "2016".

(3) CONSOLIDATION LOANS.—Section 428C(e) (20 U.S.C. 1078–3(e)) is amended by striking "2004" and inserting "2012".

SEC. 422. LOAN LIMITS.

(a) FEDERAL INSURANCE LIMITS.—Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

(1) in clause (i)(I), by striking "$2,625" and inserting "$3,500"; and

(2) in clause (ii)(I), by striking "$3,500" and inserting "$4,500".

(b) GUARANTEE LIMITS.—Section 428(b)(1)(A) (20 U.S.C. 1078(b)(1)(A)) is amended—

(1) in clause (i)(I), by striking "$2,625" and inserting "$3,500"; and

(2) in clause (ii)(I), by striking "$3,500" and inserting "$4,500".

(c) COUNTING OF CONSOLIDATION LOANS AGAINST LIMITS.—Section 428C(a)(3)(B) (20 U.S.C. 1078–3(a)(3)(B)) is amended by adding at the end the following new clause:

"(ii) Loans made under this section shall, to the extent used to pay off the outstanding principal balance on loans made under this title, excluding capitalized interest, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2), 428(b)(1)(B), 428H(d), 455, and 464(a)(2)(B).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B or part D of title IV of the Higher Education Act of 1965 for which the first disbursement of principal is made on or after July 1, 2007.

SEC. 423. INTEREST RATES AND SPECIAL ALLOWANCES.

(a) FFEL INTEREST RATES.—Section 427A (20 U.S.C. 1077a(k)) is amended—

(1) in subsection (k)—

(A) by striking ", AND BEFORE JULY 1, 2006" in the heading of such subsection; and

(B) by striking ", and before July 1, 2006," each place it appears other than paragraph (4);

(2) by striking subsection (*l*); and

(3) by redesignating subsections (m) and (n) as subsections (*l*) and (m), respectively.

(b) DIRECT LOAN INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended—

(1) in paragraph (6)—

(A) by striking ", AND BEFORE JULY 1, 2006" in the heading of such paragraph; and

(B) by striking ", and before July 1, 2006," each place it appears other than subparagraph (D);

(2) by striking paragraph (7); and

(3) by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.

(c) CONSOLIDATION LOAN INTEREST RATES.—

(1) FFEL LOANS.—Section 427A(k) (20 U.S.C. 1077a(k)) is further amended—

(A) in the heading of paragraph (4), by inserting "BEFORE JULY 1, 2006" after "LOANS";

(B) by redesignating paragraph (5) as paragraph (6); and

(C) by inserting after paragraph (4) the following:

"(5) CONSOLIDATION LOANS ON OR AFTER JULY 1, 2006.—

"(A) BORROWER ELECTION.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after July 1, 2006, the applicable rate of interest shall, at the election of the borrower at the time of application for the loan, be either at the rate determined under subparagraph (B) or the rate determined under subparagraph (C).

"(B) VARIABLE RATE.—Except as provided in subparagraph (D), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and, for such 12-month period, not be more than—

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

"(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(C) FIXED RATE.—Except as provided in subparagraph (D), the rate determined under this subparagraph shall be determined for the duration of the term of the loan on the July 1 that is or precedes the date on which the application is received by an eligible lender, and shall be, for such duration, not more than—

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

"(ii) 3.3 percent,

except that such rate shall not exceed 8.25 percent.

"(D) CONSOLIDATION OF PLUS LOANS.—In the case of any such consolidation loan that is used to repay loans each of which was made under section 428B or was a Federal Direct PLUS Loan (or both), the rates determined under clauses (B) and (C) shall be determined—

"(i) by substituting '3.1 percent' for '2.3 percent';

"(ii) by substituting '4.1 percent' for '3.3 percent'; and

"(iii) by substituting '9.0 percent' for '8.25 percent'.".

(2) DIRECT LOANS.—Section 455(b)(6) (20 U.S.C. 1087e(b)(6)) is further amended—

(A) in the heading of subparagraph (D), by inserting "BEFORE JULY 1, 2006" after "LOANS"

(B) by redesignating subparagraph (E) as subparagraph (F); and

(C) by inserting after subparagraph (D) the following:

"(E) CONSOLIDATION LOANS ON OR AFTER JULY 1, 2006.—

"(i) BORROWER ELECTION.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Consolidation Loan for which the application is received by an eligible lender on or after July 1, 2006, the applicable rate of interest shall, at the election of the borrower at the time of application for the loan, be either at the rate determined under clause (ii) or the rate determined under clause (iii).

"(ii) VARIABLE RATE.—Except as provided in clause (iv), the rate determined under this clause shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and, for such 12-month period, 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) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(iii) FIXED RATE.—Except as provided in clause (iv), the rate determined under this clause shall be determined for the duration of the term of the loan on the July 1 that is or precedes the date on which the application is received by an eligible lender, and shall be, for such duration, equal to—

"(I) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to the June 1 immediately preceding such July 1; plus

"(II) 3.3 percent,

except that such rate shall not exceed 8.25 percent.

"(iv) CONSOLIDATION OF PLUS LOANS.—In the case of any such Federal Direct Consolidation Loan that is used to repay loans each of which was made under section 428B or was a Federal Direct PLUS Loan (or both), the rates determined under clauses (ii) and (iii) shall be determined—

"(I) by substituting '3.1 percent' for '2.3 percent';

"(II) by substituting '4.1 percent' for '3.3 percent'; and

"(III) by substituting '9.0 percent' for '8.25 percent'.".

(d) CONSOLIDATION LOAN CONFORMING AMENDMENT.—Section 428C(c)(1)(A)(ii) (20 U.S.C. 1078–3(c)(1)(A)(ii)) is amended by striking "section 427A(*l*)(3)" and inserting "section 427A(k)(5)".

(e) CONFORMING AMENDMENTS FOR SPECIAL ALLOWANCES.—

(1) AMENDMENT.—Subparagraph (I) of section 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended—

(A) by striking clause (ii) and inserting the following:

"(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and for which the applicable interest rate is described in section 427A(k)(2), clause (i)(III) of this subparagraph shall be applied by substituting '1.74 percent' for '2.34 percent'.";

(B) in clause (iii)—

(i) by striking "or (*l*)(2)"; and

(ii) by striking ", subject to clause (v) of this subparagraph";

(C) in clause (iv)—

(i) by striking "or (*l*)(3)" and inserting "or (k)(5)"; and

(ii) by striking ", subject to clause (vi) of this subparagraph"; and

(D) by striking clauses (v), (vi), and (vii) and inserting the following:

"(v) RECAPTURE OF EXCESS INTEREST.—

"(I) EXCESS CREDITED.—With respect to a loan on which the applicable interest rate is determined under section 427A(k) and for which the first disbursement of principal is made on or after July 1, 2006, if the applicable interest rate for any 3-month period exceeds the special allowance support level applicable to such loan under this subparagraph for such period, then an adjustment shall be made by calculating the excess interest in the amount computed under subclause (II) of this clause, and by crediting the excess interest to the Government not less often than annually.

"(II) CALCULATION OF EXCESS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

"(aa) the applicable interest rate minus the special allowance support level determined under this subparagraph; multiplied by

"(bb) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

"(cc) four.

"(III) SPECIAL ALLOWANCE SUPPORT LEVEL.—For purposes of this clause, the term 'special allowance support level' means, for any loan, a number expressed as a percentage equal to the sum of the rates determined under subclauses (I) and (III) of clause (i), and applying any substitution rules applicable to such loan under clauses (ii), (iii), and (iv) in determining such sum.".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall not apply with respect to any special allowance payment made under section 438 of the Higher Education Act of 1965 (20 U.S.C 1087–1) before July 1, 2006.

SEC. 424. ADDITIONAL LOAN TERMS AND CONDITIONS.

(a) FEDERAL DEFAULT FEES.—

(1) IN GENERAL.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)(H)) is amended to read as follows:

"(H) provides—

"(i) for loans for which the first disbursement of principal is made before July, 1, 2006, for the collection of a single insurance premium

equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders; or

"(ii) for loans for which the first disbursement of principal is made on or after July 1, 2006, for the collection and deposit into the Federal Student Loan Reserve Fund under section 422A of a Federal default fee of 1.0 percent of the principal amount of such loan, which shall be deducted proportionately from each installment payment of the proceeds of the loan to the borrower prior to payment to the borrower, and insures that the proceeds of the Federal default fee will not be used for incentive payments to lenders;".

(2) UNSUBSIDIZED LOANS.—Section 428H(h) (20 U.S.C. 1078–8(h)) is amended by adding at the end the following new sentence: "In lieu of the insurance premium authorized under the preceding sentence, and effective for loans for which the first disbursement of principal is made on or after July 1, 2006, each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall collect and deposit into the Federal Student Loan Reserve Fund under section 422A a Federal default fee of 1.0 percent of the principal amount of the loan, obtained by deduction proportionately from each installment payment of the proceeds of the loan to the borrower.".

(3) VOLUNTARY FLEXIBLE AGREEMENTS.—Section 428A(a)(1) (20 U.S.C. 1078–1(a)(1)) is amended—

(A) by striking "or" at the end of subparagraph (A);

(B) by striking the period at the end of subparagraph (B) and inserting "; or"; and

(C) by adding at the end the following new subparagraph:

"(C) the Federal default fee required by section 428(b)(1)(H) and the second sentence of section 428H(h).".

(b) DISBURSEMENT.—Section 428(b)(1)(N) (20 U.S.C. 1078(b)(1)(N)(ii)) is amended—

(1) in clause (i), by inserting "(including an eligible foreign institution, except as provided in clause (ii))" after "institution"; and

(2) in clause (ii), by striking "or at an eligible foreign institution".

(c) REPAYMENT PLANS.—

(1) FFEL LOANS.—Section 428(b)(9)(A) (20 U.S.C. 1078(b)(9)(A)) is amended—

(A) by inserting before the semicolon at the end of clause (ii) the following: ", and the Secretary may not restrict the proportions or ratios by which such payments may be graduated with the informed agreement of the borrower";

(B) by striking "and" at the end of clause (iii);

(C) by redesignating clause (iv) as clause (v); and

(D) by inserting after clause (iii) the following new clause:

"(iv) a delayed repayment plan under which the borrower makes scheduled payments for not more than 2 years that are annually not less than the amount of interest due or $600, whichever is greater, and then makes payments in accordance with clause (i), (ii), or (iii); and".

(2) DIRECT LOANS.—Section 455(d)(1) (20 U.S.C. 1087e(d)(1)) is amended—

(A) by redesignating subparagraph (D) as subparagraph (E); and

(B) by striking subparagraphs (A), (B), and (C) and inserting the following:

"(A) a standard repayment plan, consistent with subsection (a)(1) of this section and with section 428(b)(9)(A)(i);

"(B) a graduated repayment plan, consistent with section 428(b)(9)(A)(ii);

"(C) an extended repayment plan, consistent with section 428(b)(9)(A)(v), except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 428(b)(1)(L);

"(D) a delayed repayment plan under which the borrower makes scheduled payments for not more than 2 years that are annually not less than the amount of interest due or $600, whichever is greater, and then makes payments in accordance with subparagraph (A), (B), or (C); and".

(d) ORIGINATION FEES.—

(1) FFEL PROGRAM.—Paragraph (2) of section 438(c) (20 U.S.C. 1087–1(c)) is amended—

(A) by striking the designation and heading of such paragraph and inserting the following:

"(2) AMOUNT OF ORIGINATION FEES.—

"(A) IN GENERAL.—"; and

(B) by adding at the end the following new subparagraph:

"(B) SUBSEQUENT REDUCTIONS.—Subparagraph (A) shall be applied to loans made under this part (other than loans made under sections 428C and 439(o))—

"(i) by substituting '2.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2006, and before July 1, 2007;

"(ii) by substituting '1.5 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

"(iii) by substituting '1.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

"(iv) by substituting '0.5 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

"(v) by substituting '0.0 percent' for '3.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.".

(2) DIRECT LOAN PROGRAM.—Subsection (c) of section 455 (20 U.S.C. 1087e(c)) is amended to read as follows:

"(c) LOAN FEE.—

"(1) IN GENERAL.—The Secretary shall charge the borrower of a loan made under this part an origination fee of 4.0 percent of the principal amount of loan.

"(2) SUBSEQUENT REDUCTION.—Paragraph (1) shall be applied to loans made under this part, other than consolidation loans and PLUS loans—

"(A) by substituting 'not more or less than 3.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2006, and before July 1, 2007;

"(B) by substituting 'not more or less than 2.5 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

"(C) by substituting 'not more or less than 2.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

"(D) by substituting 'not more or less than 1.5 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

"(E) by substituting 'not more or less than 1.0 percent' for '4.0 percent' with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.

"(3) WAIVERS AND REPAYMENT INCENTIVES PROHIBITED.—Beginning with loans made on or after July 1, 2006, the Secretary is prohibited—

"(A) from waiving any amount of the loan fee prescribed under this section as part of a repayment incentive in section 455(b)(7); and

"(B) from providing any repayment incentive before the borrower enters repayment.".

(e) FIXED RATE OFFSET CHARGE.—

(1) FFEL CONSOLIDATION LOANS.—Section 438(c) (20 U.S.C. 1087–1(c)) is further amended—

(A) in paragraph (1)(A), by inserting after "paragraph (2) of this subsection" the following: "and the amount the lender is authorized to collect as a fixed rate offset charge in accordance with paragraph (9) of this subsection";

(B) in paragraph (1)(B)—

(i) by inserting "and the fixed rate offset charge" after "origination fee"; and

(ii) by inserting "and fixed rate offset charges" after "origination fees";

(C) in paragraphs (3) and (4), by inserting "and fixed rate offset charge" after "origination fee" each place it appears;

(D) in paragraph (5)—

(i) by inserting "or fixed rate offset charge" after "origination fee"; and

(ii) by inserting "or fixed rate offset charges" after "origination fees";

(E) in paragraph (7), by inserting "and fixed rate offset charges" after "origination fees"; and

(F) by adding at the end the following new paragraph:

"(9) FIXED RATE OFFSET CHARGES FOR CONSOLIDATION LOANS.—For any loan under section 428C for which the borrower elects to take a fixed rate under sec-

tion 427A(k)(5)(C), the lender is authorized to collect a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal amount of the loan. Such amount may be added to the principal amount of the loan for repayment by the borrower.".

(2) DIRECT LOANS.—Section 455(c) (20 U.S.C. 1087e(c)), as amended by subsection (d)(2) of this section, is further amended by adding at the end the following new paragraph:

"(4) FIXED RATE OFFSET CHARGES FOR CONSOLIDATION LOANS.—For any Federal Direct Consolidation Loan for which the borrower elects to take a fixed rate under section 455(b)(6)(E)(iii), the Secretary shall collect a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal amount of the loan. Such amount may be added to the principal amount of the loan for repayment by the borrower. Such amount is not subject to the requirements of paragraph (3) of this subsection.".

SEC. 425. CONSOLIDATION LOAN CHANGES.

(a) CROSS-CONSOLIDATION BETWEEN PROGRAMS.—Section 428C (20 U.S.C. 1078–3) is amended—

(1) in subsection (a)(3)(B)(i)—

(A) by inserting "or under section 455(g)" after "under this section" both places it appears;

(B) by inserting "under both sections" after "terminates"

(C) by striking "and" at the end of subclause (III);

(D) by striking the period at the end of subclause (IV) and inserting "; and"; and

(E) by adding at the end the following new subclause:

"(V) an individual may obtain a subsequent consolidation loan under section 455(g) only for the purposes of obtaining an income contingent repayment plan, and only if the loan has been submitted to the guaranty agency for default aversion."; and

(2) in subsection (b)(5), by striking the first sentence and inserting the following: "In the event that a lender with an agreement under subsection (a)(1) of this section denies a consolidation loan application submitted to it by an eligible borrower under this section, or denies an application submitted to it by such a borrower for a consolidation loan with income-sensitive repayment terms, the Secretary shall offer any such borrower who applies for it, a direct consolidation loan. The Secretary shall offer such a loan to a borrower who has defaulted, for the purpose of resolving the default.".

(b) REPEAL OF IN-SCHOOL CONSOLIDATION.—

(1) DEFINITION OF REPAYMENT PERIOD.—Section 428(b)(7)(A) (20 U.S.C. 1078(b)(7)(A)) is amended by striking "shall begin—" and all that follows through "earlier date." and inserting the following: "shall begin the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution).".

(2) CONFORMING CHANGE TO ELIGIBLE BORROWER DEFINITION.—Section 428C(a)(3)(A)(ii)(I) (20 U.S.C. 1078–3(a)(3)(A)(ii)(I)) is amended by inserting "as determined under section 428(b)(7)(A)" after "repayment status".

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

(1) in subsection (a)(3), by striking subparagraph (C); and

(2) in subsection (b)(1)—

(A) by striking everything after "under this section" the first place it appears in subparagraph (A) and inserting the following: "and that, if all the borrower's loans under this part are held by a single holder, the borrower has notified such holder that the borrower is seeking to obtain a consolidation loan under this section;";

(B) by striking "(i) which" and all that follows through "and (ii)" in subparagraph (C);

(C) by striking "and" at the end of subparagraph (E);

(D) by redesignating subparagraph (F) as subparagraph (G); and

(E) by inserting after subparagraph (E) the following new subparagraph:

"(F) that the lender of the consolidation loan shall, upon application for such loan, provide the borrower with a clear and conspicuous notice of at least the following information:

"(i) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

"(ii) the effects of consolidation on a borrower's underlying loan benefits, including loan forgiveness, cancellation, deferment, and reduced interest rates on those underlying loans;

"(iii) the ability of the borrower to prepay the loan, pay on a shorter schedule, and to change repayment plans;

"(iv) that borrower benefit programs may vary among different loan holders, and a description of how the borrower benefits may vary among different loan holders;

"(v) the tax benefits for which borrowers may be eligible;

"(vi) the consequences of default; and

"(vii) that by making the application the applicant is not obligated to agree to take the consolidation loan; and".

(d) EFFECTIVE DATE FOR SINGLE HOLDER AMENDMENT.—The amendment made by subsection (c)(2)(A) shall apply with respect to any loan made under section 428C of the Higher Education Act of 1965 (20 U.S.C. 1078–3) for which the application is received by an eligible lender on or after July 1, 2006.

(e) CONFORMING AMENDMENTS TO DIRECT LOAN PROGRAM.—Section 455 (20 U.S.C. 1087e) is amended

(1) in subsection (a)(1) by inserting "428C," after "428B,";

(2) in subsection (a)(2)—

(A) by striking "and" at the end of subparagraph (B);

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

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

"(C) section 428C shall be known as 'Federal Direct Consolidation Loans'; and "; and

(3) in subsection (g)—

(A) by striking the second sentence; and

(B) by adding at the end the following new sentences: "To be eligible for a consolidation loan under this part, a borrower must meet the eligibility criteria set forth in section 428C(a)(3). The Secretary, upon application for such a loan, shall comply with the requirements applicable to a lender under section 428C(b)(1)(F).".

SEC. 426. DEFERMENT OF STUDENT LOANS FOR MILITARY SERVICE.

(a) FEDERAL FAMILY EDUCATION LOANS.—Section 428(b)(1)(M) (20 U.S.C. 1078(b)(1)(M)) is amended—

(1) by striking "or" at the end of clause (ii);

(2) by redesignating clause (iii) as clause (iv); and

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

"(iii) not in excess of 3 years during which the borrower—

"(I) is serving on active duty during a war or other military operation or national emergency; or

"(II) is performing qualifying National Guard duty during a war or other military operation or national emergency; or".

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

(1) by redesignating subparagraph (C) as subparagraph (D); and

(2) by inserting after subparagraph (B) the following new subparagraph:

"(C) not in excess of 3 years during which the borrower—

"(i) is serving on active duty during a war or other military operation or national emergency; or

"(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; or".

(c) PERKINS LOANS.—Section 464(c)(2)(A) (20 U.S.C. 1087dd(c)(2)(A)) is amended—

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

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

"(iii) not in excess of 3 years during which the borrower—

"(I) is serving on active duty during a war or other military operation or national emergency; or

"(II) is performing qualifying National Guard duty during a war or other military operation or national emergency;".

(d) DEFINITIONS.—Section 481 (20 U.S.C. 1088) is amended by adding at the end the following new subsection:

"(d) DEFINITIONS FOR MILITARY DEFERMENTS.—For purposes of parts B, D, and E of this title:

"(1) ACTIVE DUTY.—The term 'active duty' has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

"(2) MILITARY OPERATION.—The term 'military operation' means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.

"(3) NATIONAL EMERGENCY.—The term 'national emergency' means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.

"(4) SERVING ON ACTIVE DUTY.—The term 'serving on active duty during a war or other military operation or national emergency' means service by an individual who is—

"(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other military operation or national emergency, regardless of the location at which such active duty service is performed; and

"(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

"(5) QUALIFYING NATIONAL GUARD DUTY.—The term 'qualifying National Guard duty during a war or other military operation or national emergency' means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.".

(e) RULE OF CONSTRUCTION.—Nothing in the amendments made by this section shall be construed to authorize any refunding of any repayment of a loan.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, to an individual who is a new borrower (within the meaning of section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003)) on or after such date.

SEC. 427. LOAN FORGIVENESS FOR SERVICE IN AREAS OF NATIONAL NEED.

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

"SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF NATIONAL NEED.

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

"(1) to encourage highly trained individuals to enter and continue in service in areas of national need; and

"(2) to reduce the burden of student debt for Americans who dedicate their careers to service in areas of national need.

"(b) PROGRAM AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized to carry out a program of assuming the obligation to repay, pursuant to paragraphs (2) of subsection (c) and subsection (d), a qualified loan amount for a loan made, insured, or guaranteed under this part or part D (other than loans made under section 428B and 428C and comparable loans made under part D), for any new borrower after the date of enactment of the College Access and Opportunity Act of 2005, who—

"(A) has been employed full-time for at least 5 consecutive complete school, academic, or calendar years, as appropriate, in an area of national need described in subsection (c); and

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

"(2) AWARD BASIS.—Loan repayment under this section shall be on a first-come, first-served basis pursuant to the designation under subsection (c) and subject to the availability of appropriations.

"(3) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(c) AREAS OF NATIONAL NEED.—

"(1) STATUTORY CATEGORIES.—For purposes of this section, an individual shall be treated as employed in an area of national need if the individual is employed full time and is any of the following:

"(A) EARLY CHILDHOOD EDUCATORS.—An individual who is employed as an early childhood educator in an eligible preschool program or child care facility in a low-income community, and who is involved directly in the care, development and education of infants, toddlers, or young children through age five.

"(B) NURSES.—An individual who is employed—

"(i) as a nurse in a clinical setting; or

"(ii) as a member of the nursing faculty at an accredited school of nursing (as those terms are defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

"(C) FOREIGN LANGUAGE SPECIALISTS.—An individual who has obtained a baccalaureate degree in a critical foreign language and is employed—

"(i) in an elementary or secondary school as a teacher of a critical foreign language; or

"(ii) in an agency of the United States Government in a position that regularly requires the use of such critical foreign language.

"(D) LIBRARIANS.—An individual who is employed full-time as a libarian in—

"(i) a public library that serves a geographic area within which the public schools have a combined average of 30 percent or more of their total student enrollments composed of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965; or

"(ii) an elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

"(E) HIGHLY QUALIFIED TEACHERS: BILINGUAL EDUCATION AND LOW-INCOME COMMUNITIES.—An individual who—

"(i) is highly qualified as such term is defined in section 9101 of the Elementary and Secondary Education Act of 1965; and

"(ii)(I) is employed as a full-time teacher of bilingual education; or

"(II) is employed as a teacher for service in a public or nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 40 percent of the total enrollment of that school.

"(F) FIRST RESPONDERS IN LOW-INCOME COMMUNITIES.—An individual who—

"(i) is employed as a firefighter, police officer, or emergency medical technician; and

"(ii) serves as such in a low-income community.

"(G) CHILD WELFARE WORKERS.—An individual who—

"(i) has obtained a degree in social work or a related field with a focus on serving children and families; and

"(ii) is employed in public or private child welfare services.

"(H) SPEECH-LANGUAGE PATHOLOGISTS.—An individual who is a speech-language pathologist, who is employed in an eligible preschool program or an elementary or secondary school, and who has, at a minimum, a graduate degree in speech-language pathology, or communication sciences and disorders.

"(I) ADDITIONAL AREAS OF NATIONAL NEED.—An individual who is employed in an area designated by the Secretary under paragraph (2) and has completed a baccalaureate or advanced degree related to such area.

"(2) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal, State, and community-based agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which—

"(A) the national interest in the area is compelling;

"(B) the area suffers from a critical lack of qualified personnel; and

"(C) other Federal programs support the area concerned.

"(d) QUALIFIED LOAN AMOUNT.—The Secretary shall repay not more than $5,000 in the aggregate of the loan obligation on a loan made under section 428 or 428H that is outstanding after the completion of the fifth consecutive school, academic, or calendar year, as appropriate, described in subsection (b)(1).

"(e) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under section 428 or 428H.

"(f) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

"(g) INELIGIBILITY FOR DOUBLE BENEFITS.—No borrower may receive a reduction of loan obligations under both this section and section 428J or 460.

"(h) DEFINITIONS.—In this section

"(1) CHILD CARE FACILITY.—The term 'child care facility' means a facility, including a home, that—

"(A) provides for the education and care of children from birth through age 5; and

"(B) meets any applicable State or local government licensing, certification, approval, or registration requirements.

"(2) CRITICAL FOREIGN LANGUAGE.—The term 'critical foreign language' includes the languages of Arabic, Korean, Japanese, Chinese, Pashto, Persian-Farsi, Serbian-Croatian, Russian, Portuguese, and any other language identified by the Secretary of Education, in consultation with the Defense Language Institute, the Foreign Service Institute, and the National Security Education Program, as a critical foreign language need.

"(3) EARLY CHILDHOOD EDUCATOR.—The term 'early childhood educator' means an early childhood educator employed in an eligible preschool program who has completed a baccalaureate or advanced degree in early childhood development, early childhood education, or in a field related to early childhood education.

"(4) ELIGIBLE PRESCHOOL PROGRAM.—The term 'eligible preschool program' means a program that provides for the care, development, and education of infants, toddlers, or young children through age 5, meets any applicable State or local government licensing, certification, approval, and registration requirements, and is operated by—

"(A) a public or private school that may be supported, sponsored, supervised, or administered by a local educational agency;

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

"(C) a nonprofit or community based organization; or

"(D) a child care program, including a home.

"(5) LOW-INCOME COMMUNITY.—In this subsection, the term 'low-income community' means a community in which 70 percent of households earn less than 85 percent of the State median household income.

"(6) NURSE.—The term 'nurse' means a nurse who meets all of the following:

"(A) The nurse graduated from—

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

"(ii) a nursing center; or

"(iii) an academic health center that provides nurse training.

"(B) The nurse holds a valid and unrestricted license to practice nursing in the State in which the nurse practices in a clinical setting.

"(C) The nurse holds one or more of the following:

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

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

"(iii) A nursing degree from an associate degree school of nursing (as defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

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

"(7) SPEECH-LANGUAGE PATHOLOGIST.—The term 'speech-language pathologist' means a speech-language pathologist who meets all of the following:

"(A) the speech-language pathologist has received, at a minimum, a graduate degree in speech-language pathology or communication sciences and disorders from an institution of higher education accredited by an agency or association recognized by the Secretary pursuant to section 496(a) of this Act; and

"(B) the speech-language pathologist meets or exceeds the qualifications as defined in section 1861(ll) of the Social Security Act (42 U.S.C. 1395x).

"(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.".

SEC. 428. UNSUBSIDIZED STAFFORD LOANS.

(a) AMENDMENT.—Section 428H(d)(2)(C) (20 U.S.C. 1078–8(d)(2)(C)) is amended by striking "$10,000" and inserting "$12,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to loans for which the first disbursement of principal is made on or after July 1, 2007.

SEC. 429. ELIMINATION OF TERMINATION DATES FROM TAXPAYER-TEACHER PROTECTION ACT OF 2004.

(a) EXTENSION OF LIMITATIONS ON SPECIAL ALLOWANCE FOR LOANS FROM THE PROCEEDS OF TAX EXEMPT ISSUES.—Section 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is amended—

(1) in clause (iv), by striking "and before January 1, 2006,"; and

(2) in clause (v)(II)—

(A) by striking "and before January 1, 2006," each place it appears in divisions (aa) and (bb); and

(B) by striking ", and before January 1, 2006" in division (cc).

(b) ADDITIONAL LIMITATION ON SPECIAL ALLOWANCE FOR LOANS FROM THE PROCEEDS OF TAX EXEMPT ISSUES.—Section 438(b)(2)(B) (20 U.S.C 1087–1(b)(2)(B)) is further amended by adding at the end thereof the following new clause:

"(vi) Notwithstanding clauses (i), (ii), and (v), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, as the case may be, for a holder of loans—

"(I) that were made or purchased on or after October 1, 2005; or

"(II) that were not earning a quarterly rate of special allowance determined under clauses (i) or (ii) of subparagraph (B) of this paragraph (20 U.S.C. 1087–1(b)(2)(b)) as of October 1, 2005.".

(c) ELIMINATION OF EFFECTIVE DATE LIMITATION ON HIGHER TEACHER LOAN FORGIVENESS BENEFITS.—Paragraph (3) of section 3(b) of the Taxpayer-Teacher Protection Act of 2004 (20 U.S.C. 1078–10, note) is repealed.

(d) ADDITIONAL CHANGES TO TEACHER LOAN FORGIVENESS PROVISIONS.—

(1) FFEL PROVISIONS.—Section 428J (20 U.S.C. 1078–10) is amended—

(A) in subsection (b)(1)(B), by inserting after "1965" the following: ", or meets the requirements of subsection (g)(3)";

(B) in subsection (c)(3)—

(i) by striking "and" at the end of subparagraph (A);

(ii) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(iii) by inserting after subparagraph (B) the following new subparagraph:

"(C) an elementary or secondary school teacher who primarily teaches reading—

"(i) who meets the requirements of subsection (b);

"(ii) who has obtained a separate reading instruction credential from the State in which the teacher is employed; and

"(iii) who is certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed to teach reading—

"(I) as being proficient in teaching the essential components of reading instruction as defined in section 1208 of the Elementary and Secondary Education Act of 1965; and

"(II) as having such credential."; and

(C) in subsection (g), by adding at the end the following new paragraph:

"(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (a)(1)(B), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher must be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test must equal or exceed the average passing score of those 5 States.".

(2) DIRECT LOAN PROVISIONS.—Section 460 (20 U.S.C. 1087j) is amended—

(A) in subsection (b)(1)(A)(ii), by inserting after "1965" the following: ", or meets the requirements of subsection (g)(3)";

(B) in subsection (c)(3)—

(i) by striking "and" at the end of subparagraph (A);

(ii) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(iii) by inserting after subparagraph (B) the following new subparagraph:

"(C) an elementary or secondary school teacher who primarily teaches reading—

"(i) who meets the requirements of subsection (b);

"(ii) who has obtained a separate reading instruction credential from the State in which the teacher is employed; and

"(iii) who is certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed to teach reading—

"(I) as being proficient in teaching the essential components of reading instruction as defined in section 1208 of the Elementary and Secondary Education Act of 1965; and

"(II) as having such credential."; and

(C) in subsection (g), by adding at the end the following new paragraph:

"(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (a)(1)(A)(ii), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher must be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test must equal or exceed the average passing score of those 5 States.".

SEC. 430. ADDITIONAL ADMINISTRATIVE PROVISIONS.

(a) TREATMENT OF EXEMPT CLAIMS.—

(1) INSURANCE COVERAGE.—Section 428(b)(1)(G) (20 U.S.C. 1078(b)(1)(G)) is amended by inserting before the semicolon at the end the following: "and 100 percent of the unpaid principal amount of exempt claims as defined in subsection (c)(1)(G)".

(2) TREATMENT.—Section 428(c)(1) (20 U.S.C. 1078(c)(1)) is amended—

(A) by redesignating subparagraph (G) as subparagraph (I), and moving such subparagraph 2 em spaces to the left; and

(B) by inserting after subparagraph (F) the following new subparagraph:

"(G)(i) Notwithstanding any other provisions of this section, in the case of exempt claims, the Secretary shall apply the provisions of—

"(I) the fourth sentence of subparagraph (A) by substituting '100 percent' for '95 percent';

"(II) subparagraph (B)(i) by substituting '100 percent' for '85 percent'; and

"(III) subparagraph (B)(ii) by substituting '100 percent' for '75 percent'.

"(ii) For purposes of clause (i) of this subparagraph, the term 'exempt claims' means claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender's or the institution's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits thereon.".

(b) REDUCTION OF INSURANCE/REINSURANCE PERCENTAGE.—

(1) INSURANCE PERCENTAGE REDUCTION.—Section 428(b)(1)(G) as amended by subsection (a)(1) is further amended by inserting after the matter inserted by such subsection the following: ", except, for any loan for which the first disbursement of principal is made on or after July 1, 2006, the preceding provisions of this subparagraph shall be applied by substituting '96 percent' for '98 percent' ".

(2) REINSURANCE PERCENTAGE REDUCTION.—Section 428(c)(1) as amended by subsection (a)(2) is further amended by adding after subparagraph (G) as added by such subsection the following new subparagraph:

"(H) Notwithstanding subparagraphs (A) and (B), but subject to subparagraphs (E) and (F), in the case of a loan for which the first disbursement of principal is made on or after July 1, 2006, the Secretary shall apply—

"(i) the fourth sentence of subparagraph (A) by substituting '93 percent' for '95 percent';

"(ii) subparagraph (B)(i) by substituting '83 percent' for '85 percent'; and

"(iii) subparagraph (B)(ii) by substituting '73 percent' for '75 percent'.".

(3) INCREASE INSURANCE FOR EXCEPTIONAL PERFORMANCE.—Section 428I (20 U.S.C. 1078–9) is amended to read as follows:

"SEC. 428I. SPECIAL INSURANCE AND REINSURANCE RULES FOR EXCEPTIONAL PERFORMANCE.

"(a) DESIGNATION OF LENDERS AND SERVICERS.—

"(1) IN GENERAL.—Whenever the Secretary determines that an eligible lender or servicer meets the performance measures required by paragraph (2), the Secretary shall designate that eligible lender or servicer, as the case may be, for exceptional performance. The Secretary shall notify each appropriate guaranty agency of the eligible lenders and servicers designated under this section.

"(2) PERFORMANCE MEASURES.—

"(A) In determining whether to award a lender or servicer the exceptional performance designation, the Secretary shall require that the lender or servicer be performing at or above the 95 percentile of the industry, and demonstrate improved performance against the lender's or service's average of the last 3 years on the factors described in subparagraph (B).

"(B) The factors on which the Secretary shall require improvement shall include—

"(i) delinquency rates;

"(ii) the rate at which delinquent accounts are restored to good standing;

"(iii) default rates;

"(iv) the rate of rejected claims; and

"(v) any other such measures as determined by the Secretary.

"(C) In addition, the Secretary shall not make any award of such a designation unless the consequence of the designation is cost-neutral to the Federal Government.

"(3) ADDITIONAL INFORMATION ON LENDERS AND SERVICERS.—Each appropriate guaranty agency shall provide the Secretary with such other information in its possession regarding an eligible lender or servicer desiring designation as may relate to the Secretary's determination under paragraph (1), including but not limited to any information suggesting that the application of a lender or servicer for designation should not be approved.

"(4) DETERMINATIONS BY THE SECRETARY.—

"(A) The Secretary shall designate an eligible lender or servicer for exceptional performance if the eligible lender or servicer meets the performance measures required by paragraph (2).

"(B) The Secretary shall make the determination under paragraph (1) based upon the documentation submitted by the eligible lender or servicer as specified in regulation, such other information as provided by any guaranty agency under paragraph (3), and any information in the possession of the Secretary or submitted by any other agency or office of the Federal Government.

"(C) The Secretary shall inform the eligible lender or servicer and the appropriate guaranty agency that its application for designation as an exceptional performance lender or servicer has been approved or disapproved.

"(5) TRANSITION.—

"(A) Any eligible lender or servicer designated for exceptional performance as of the day before the date of enactment of the College Access and Opportunity Act of 2005 shall continue to be so designated, and subject to the requirements of this section as in effect on that day (including revocation), until the performance standards described in paragraph (2) are established.

"(B) The Secretary shall not designate any additional eligible lenders or servicers for exceptional performance until those performance standards are established.

"(b) PAYMENT TO LENDERS AND SERVICERS.—A guaranty agency shall pay, to each eligible lender or servicer (as agent for an eligible lender) designated under subsection (a), 98 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or servicer for the one-year period following the receipt by the guaranty agency of the notification of designation under this section, or until the guaranty agency receives notice from the Secretary that the designation of the lender or servicer under subsection (a)(2) has been revoked.

"(c) REVOCATION AUTHORITY.—

"(1) The Secretary shall revoke the designation of a lender or a servicer under subsection (a) if the Secretary determines that the lender or servicer has failed to meet the performance standards required by subsection (a)(2).

"(2) Notwithstanding any other provision of this section, a designation under subsection (a) may be revoked at any time by the Secretary, in the Secretary's discretion, if the Secretary determines that the eligible lender or servicer has failed to meet the criteria and performance standards established by the Secretary in regulation, or if the Secretary believes the lender or servicer may have engaged in fraud in securing designation under subsection (a), or is failing to service loans in accordance with program regulations.

"(d) DOCUMENTATION.—Nothing in this section shall restrict or limit the authority of guaranty agencies to require the submission of claims documentation evidencing servicing performed on loans, except that the guaranty agency may not require greater documentation than that required for lenders and servicers not designated under subsection (a).

"(e) SPECIAL RULE.—Reimbursements made by the Secretary on loans submitted for claim by an eligible lender or loan servicer designated for exceptional performance under this section shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender or loan servicer engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

"(f) LIMITATION.—Nothing in this section shall be construed to affect the processing of claims on student loans of eligible lenders not subject to this section.

"(g) CLAIMS.—A lender or servicer designated under subsection (a) failing to service loans or otherwise comply with applicable program regulations shall be considered in violation of section 3729 of title 31, United States Code.

"(h) TERMINATION.—The Secretary may terminate the designation of lenders and servicers under this section if he determines that termination would be in the fiscal interest of the United States.

"(i) DEFINITIONS.—As used in this section—

"(1) the term 'eligible loan' means a loan made, insured, or guaranteed under this part; and

"(2) the term 'servicer' means an entity servicing and collecting student loans that—

"(A) has substantial experience in servicing and collecting consumer loans or student loans;

"(B) has an independent financial audit annually which is furnished to the Secretary and any other parties designated by the Secretary;

"(C) has business systems which are capable of meeting the requirements of this part;

"(D) has adequate personnel who are knowledgeable about the student loan programs authorized by this part; and

"(E) does not have any owner, majority shareholder, director, or officer of the entity who has been convicted of a felony.".

(4) EFFECTIVE DATE OF AMENDMENTS.—The amendments made by this subsection shall apply with respect to loans for which the first disbursement of principal is made on or after July 1, 2006.

(c) DOCUMENTATION OF FORBEARANCE AGREEMENTS.—Section 428(c) (20 U.S.C. 1078(c)) is further amended—

(1) in paragraph (3)(A)(i), by striking "in writing"; and

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

"(10) DOCUMENTATION OF FORBEARANCE AGREEMENTS.—For the purposes of paragraph (3), the terms of forbearance agreed to by the parties shall be documented by confirming the agreement of the borrower by notice to the borrower from the lender, and by recording the terms in the borrower's file.".

(d) CONSOLIDATION OF DEFAULTED LOANS.—Section 428(c) (20 U.S.C. 1078(c)) is further amended—

(1) in paragraph (2)(A)—

(A) by inserting "(i)" after "including"; and

(B) by inserting before the semicolon at the end the following: "and (ii) requirements establishing procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans under this part";

(2) in paragraph (2)(D), by striking "paragraph (6)" and inserting "paragraph (6)(A)"; and

(3) in paragraph (6)—

(A) by inserting "(A)" before "For the purpose of paragraph (2)(D),";

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively; and

(C) by adding at the end the following new subparagraphs:

"(B) A guaranty agency shall—

"(i) on or after October 1, 2006—

"(I) not charge the borrower collection costs in an amount in excess of 18.5 percent of the outstanding principal and interest of a defaulted loan that is paid off through consolidation by the borrower under this title; and

"(II) remit to the Secretary a portion of the collection charge under subclause (I) equal to 8.5 percent of the outstanding principal and interest of such defaulted loan; and

"(ii) on and after October 1, 2009, remit to the Secretary the entire amount charged under clause (i)(I) with respect to each defaulted loan that is paid off with excess consolidation proceeds.

"(C) For purposes of subparagraph (B), the term 'excess consolidation proceeds' means, with respect to any guaranty agency for any Federal fiscal year beginning on or after October 1, 2009, the proceeds of consolidation of defaulted loans under this title that exceed 45 percent of the agency's total collections on defaulted loans in such Federal fiscal year.".

(e) VOLUNTARY FLEXIBLE AGREEMENTS.—Section 428A (20 U.S.C. 1078–1) is amended—

(1) in subsection (a)(1)(B), by striking "unless the Secretary" and all that follows through "designated guarantor";

(2) by striking paragraph (2) of subsection (a);

(3) in paragraph (4)(B) of subsection (a), by striking "and any waivers provided to other guaranty agencies under paragraph (2)";

(4) by redesignating paragraphs (3) and (4) of subsection (a) as paragraphs (2) and (3), respectively; and

(5) by striking paragraph (3) of subsection (c) and inserting the following:

"(3) NOTICE TO INTERESTED PARTIES.—Once the Secretary reaches a tentative agreement in principle under this section, the Secretary shall publish in the Federal Register a notice that invites interested parties to comment on the proposed agreement. The notice shall state how to obtain a copy of the tentative agreement in principle and shall give interested parties no less than 30 days to provide comments. The Secretary may consider such comments prior to providing the notices pursuant to paragraph (2).".

(f) FRAUD: REPAYMENT REQUIRED.—Section 428B(a)(1) (20 U.S.C. 1078–2(a)(1)) is amended—

(1) by striking "and" at the end of subparagraph (A);

(2) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(C) if either of the parents has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, such parent has completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud.".

(g) DEFAULT REDUCTION PROGRAM.—Section 428F(a)(1) (20 U.S.C. 1078–6(a)(1)) is amended—

(1) in subparagraph (A), by striking "consecutive payments for 12 months" and inserting "9 payments made within 20 days of the due date during 10 consecutive months";

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) A guaranty agency may charge the borrower and retain collection costs in an amount not to exceed 18.5 percent of the outstanding principal and interest at the time of sale of a loan rehabilitated under subparagraph (A).".

(h) FINANCIAL AND ECONOMIC LITERACY.—

(1) DEFAULT REDUCTION PROGRAM.—Section 428F is further amended by adding at the end the following:

"(c) FINANCIAL AND ECONOMIC LITERACY.—Where appropriate, each program described under subsection (b) shall include making available financial and economic education materials for the borrower.".

(2) PROGRAM ASSISTANCE FOR BORROWERS.—Section 432(k)(1) (20 U.S.C. 1082(k)(1)) is amended by striking "and offering" and all that follows through the period and inserting ", offering loan repayment matching provisions as part of employee benefit packages, and providing employees with financial and economic education and counseling.".

(i) CREDIT BUREAU ORGANIZATION AGREEMENTS.—Section 430A(a) (20 U.S.C. 1080a(a)) is amended by striking "agreements with credit bureau organizations" and inserting "an agreement with each national credit bureau organization (as described in section 603(p) of the Fair Credit Reporting Act)".

(j) UNIFORM ADMINISTRATIVE AND CLAIMS PROCEDURE.—Section 432(l)(1)(H) (20 U.S.C. 1082(l)(1)(H)) is amended by inserting "and anticipated graduation date" after "status change".

(k) DEFAULT REDUCTION MANAGEMENT.—Section 432 is further amended—

(1) by striking subsection (n); and

(2) by redesignating subsections (o) and (p) as subsections (n) and (o), respectively.

(l) SCHOOLS AS LENDERS.—Paragraph (2) of section 435(d) (20 U.S.C. 1085(d)(2)) is amended to read as follows:

"(2) REQUIREMENTS FOR ELIGIBLE INSTITUTIONS.—

"(A) IN GENERAL.—To be an eligible lender under this part, an eligible institution—

"(i) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution;

"(ii) shall not be a home study school;

"(iii) shall not—

"(I) make a loan to any undergraduate student;

"(II) make a loan other than a loan under section 428 or 428H to a graduate or professional student; or

"(III) make a loan to a borrower who is not enrolled at that institution;

"(iv) shall award any contract for financing, servicing, or administration of loans under this title on a competitive basis;

"(v) shall offer loans which carry an origination fee or an interest rate, or both, that are less than such fee or rate authorized under the provisions of this title;

"(vi) shall not have a cohort default rate (as defined in section 435(m)) greater than 10 percent;

"(vii) shall, for any year for which the institution engages in activities as an eligible lender, provide for a compliance audit conducted in accordance with section 428(b)(1)(U)(iii)(I), and the regulations thereunder, and submit the results of such audit to the Secretary; and

"(viii) shall use any proceeds from special allowance payments and interest payments from borrowers, interest subsidies received from the Department of Education, and any proceeds from the sale or other disposition of loans, for need-based grant programs.

"(B) ADMINISTRATIVE EXPENSES.—An eligible lender under subparagraph (A) shall be permitted to use a portion of the proceeds described in subparagraph (A)(viii) for reasonable and direct administrative expenses.

"(C) SUPPLEMENT, NOT SUPPLANT.—An eligible lender under subparagraph (A) shall ensure that the proceeds described in subparagraph (A)(viii) are used to supplement, and not to supplant, non-Federal funds that would otherwise be used for need-based grant programs.".

(m) DISABILITY DETERMINATIONS.—Section 437(a) (20 U.S.C. 1087(a)) is amended by adding at the end the following new sentence: "In making such determination of permanent and total disability, the Secretary shall provide that a borrower who has been certified as permanently and totally disabled by the Department of Veterans Affairs or the Social Security Administration shall not be required to present further documentation for purposes of this title.".

(n) TREATMENT OF FALSELY CERTIFIED BORROWERS.—Section 437(c)(1) (20 U.S.C. 1087(c)(1)) is amended by inserting "or parent's eligibility" after "such student's eligibility".

(o) PERFECTION OF SECURITY INTERESTS.—Section 439(d) (20 U.S.C. 1087–2(d)) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(p) ADDITIONAL TECHNICAL AMENDMENTS.—

(1) Section 428(a)(2)(A) (20 U.S.C. 1078(a)(2)(A)) is amended—

(A) by striking "and" at the end of subclause (II) of clause (i); and

(B) by moving the margin of clause (iii) two ems to the left.

(2) Section 428(a)(3)(A)(v) (20 U.S.C. 1078(a)(3)(A)(v)) is amended—

(A) by striking "or" at the end of subclause (I);

(B) by striking the period at the end of subclause (II) and inserting "; or"; and

(C) by adding after subclause (II) the following new subclause:

"(III) in the case of a loan disbursed through an escrow agent, 3 days before the first disbursement of the loan.".

(3) Section 428(c)(1)(A) (20 U.S.C. 1078(c)(1)(A)) is amended by striking "45 days" in the last sentence and inserting "30 days".

(4) Section 428(i)(1) (20 U.S.C. 1078(i)(1)) is amended by striking "21 days" in the third sentence and inserting "10 days".

(5) Section 428G(e) (20 U.S.C. 1078–7(e)) is amended by striking ", made to a student to cover the cost of attendance at an eligible institution outside the United States,".

(6) Section 428H(e) (20 U.S.C. 1078–8(e)) is amended by striking paragraph (6) and inserting the following:

"(6) TIME LIMITS ON BILLING INTEREST.—A lender may not receive interest on a loan under this section from a borrower for any period that precedes the dates described in section 428(a)(3)(A)(v).".

(7) Section 432(m)(1)(B) (20 U.S.C. 1082(m)(1)(B)) is amended—

(A) in clause (i), by inserting "and" after the semicolon at the end; and

(B) in clause (ii), by striking "; and" and inserting a period.

(8) Section 438(b)(4)(B) (20 U.S.C. 1087–1(b)(4)(B)) is amended by striking "shall be computed" and all that follows through "to the loan" and inserting "described in subparagraph (A) shall be computed using the interest rate described in section 3902(a) of title 31, United States Code,".

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. AUTHORIZATION OF APPROPRIATIONS.

Section 441(b) (42 U.S.C. 2751(b)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 442. COMMUNITY SERVICE.

Section 441(c)(1) (42 U.S.C. 2751(c)(1)) is amended by striking "that are open and accessible to the community".

SEC. 443. ALLOCATION OF FUNDS.

(a) PHASEOUT OF ALLOCATION BASED ON PREVIOUS ALLOCATIONS.—Subsection (a) of section 442 (42 U.S.C. 2752(a)) is amended to read as follows:

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

"(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 441(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraph (2), first allocate to each eligible institution an amount equal to the following percentage of the amount such institution received under subsection (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year):

"(A) 80 percent for fiscal years 2008 and 2009;

"(B) 60 percent for fiscal years 2010 and 2011;

"(C) 40 percent for fiscal years 2012 and 2013;

"(D) 20 percent for fiscal years 2014 and 2015; and

"(E) 0 percent for fiscal year 2016 and any succeeding fiscal year.

"(2) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

"(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

"(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).

"(3) ADDITIONAL ALLOCATIONS FOR CERTAIN INSTITUTIONS.—

"(A) ALLOCATIONS PERMITTED.—Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

"(B) ELIGIBLE INSTITUTIONS.—An otherwise eligible institution may receive a portion of the allocation described in subparagraph (A) if—

"(i) not less than 10 percent of the students attending the institution receive Federal Pell Grants; and

"(ii)(I) in the case of an institution that offers programs of at least 4 years in duration, if its graduation rate for Federal Pell Grant recipients attending the institution and graduating within the period of time equal to normal duration of the longest undergraduate program offered

by the institution, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)); or

"(II) in the case of an institution that offers programs of at least 2, but less than 4, years in duration, if its rate for Federal Pell Grant recipients attending the institution and graduating or transferring to an institution that offers programs of at least 4 years in duration within the period of time equal to the normal duration of the program offered, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to any amounts appropriated under section 441(b) of the Higher Education Act of 1965 (42 U.S.C. 2751(b)) for fiscal year 2008 or any succeeding fiscal year.

SEC. 444. BOOKS AND SUPPLIES.

Section 442(c)(4)(D) (42 U.S.C. 2752(c)(4)(D)) is amended by striking "$450" and inserting "$600".

SEC. 445. JOB LOCATION AND DEVELOPMENT.

Section 446(a)(1) (42 U.S.C. 2756(a)(1)) is amended—

(1) by striking "10 percent or $50,000" and inserting "15 percent or $75,000"; and

(2) by inserting before the period at the end the following: ", except that not less than one-third of such amount shall be specifically allocated to locate and develop community service jobs".

SEC. 446. WORK COLLEGES.

Section 448 (42 U.S.C. 2756b) is amended—

(1) by striking "work-learning" each place it appears and inserting "work-learning-service";

(2) by amending subparagraph (C) of subsection (e)(1) to read as follows:

"(C) requires all resident students, including at least one-half of all students who are enrolled on a full-time basis, to participate in a comprehensive work-learning-service program for at least 5 hours each week, or at least 80 hours during each period of enrollment, unless the student is engaged in an institutionally organized or approved study abroad or externship program; and";

(3) by amending paragraph (2) of subsection (e) to read as follows:

"(2) the term 'comprehensive student work-learning-service program'—

"(A) means a student work-learning-service program that is an integral and stated part of the institution's educational philosophy and program;

"(B) requires participation of all resident students for enrollment and graduation;

"(C) includes learning objectives, evaluation, and a record of work performance as part of the student's college record;

"(D) provides programmatic leadership by college personnel at levels comparable to traditional academic programs;

"(E) recognizes the educational role of work-learning-service supervisors; and

"(F) includes consequences for nonperformance or failure in the work-learning-service program similar to the consequences for failure in the regular academic program."; and

(4) in subsection (f), by striking "1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "2006 and such sums as may be necessary for the 5 succeeding fiscal years".

PART D—FEDERAL DIRECT LOAN PROGRAM

SEC. 451. REAUTHORIZATION OF THE DIRECT LOAN PROGRAM.

(a) ADMINISTRATIVE EXPENSES.—Section 458(a)(1) (20 U.S.C. 1087h(a)(1)) is amended by striking "$617,000,000" and all that follows through "fiscal year 2003" and inserting "$820,000,000 in fiscal year 2006, $833,000,000 in fiscal year 2007, $847,000,000 in fiscal year 2008, $862,000,000 in fiscal year 2009, and $878,000,000 in fiscal year 2010, and $894,000,000 in fiscal year 2011".

(b) CALCULATION BASIS.—Subsection (b) of section 458 (20 U.S.C. 1087h(b)) is amended by striking "shall be calculated—" and all that follows through the end of such subsection and inserting "shall be calculated on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.".

(c) SPECIAL RULES: FEE CAP.—Section 458(c)(1) (20 U.S.C. 1087h(c)(1)) is amended by striking subparagraphs (A) through (E) and inserting the following:

"(A) for fiscal year 2006, shall not exceed $220,000,000;
"(B) for fiscal year 2007, shall not exceed $233,000,000;
"(C) for fiscal year 2008, shall not exceed $247,000,000;
"(D) for fiscal year 2009, shall not exceed $262,000,000;
"(E) for fiscal year 2010, shall not exceed $278,000,000; and
"(F) for fiscal year 2011, shall not exceed $294,000,000.".

(d) INCOME CONTINGENT REPAYMENT.—Section 455(e)(2) (20 U.S.C. 1087e(e)(2)) is amended by striking "and files a Federal income tax return jointly with the borrower's spouse".

PART E—FEDERAL PERKINS LOAN PROGRAM

SEC. 461. REAUTHORIZATION OF PROGRAM.

(a) PROGRAM AUTHORIZATION.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 461(b) (20 U.S.C. 1087aa(b)) is amended—

(A) in paragraph (1)—

(i) by striking "1999" and inserting "2006"; and

(ii) by striking "4 succeeding" and inserting "5 succeeding"; and

(B) in paragraph (2), by striking "2003" each place it appears and inserting "2012".

(2) FEDERAL CAPITAL CONTRIBUTION RECOVERY.—Section 466 (20 U.S.C. 1087ff) is amended—

(A) by striking "2004" each place it appears in subsections (a) and (c) and inserting "2012"; and

(B) in subsection (a), by striking "2003" each place it appears and inserting "2011".

(b) PHASEOUT OF ALLOCATION BASED ON PREVIOUS ALLOCATIONS.—

(1) AMENDMENT.—Subsection (a) of section 462 (20 U.S.C. 1087bb(a)) is amended to read as follows:

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

"(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 461(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraphs (2) and (3), first allocate to each eligible institution an amount equal to—

"(A) 100 percent of the amount such institution received under subsection (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year), multiplied by

"(B) the institution's default penalty, as determined under subsection (e), except that if the institution has a cohort default rate in excess of the applicable maximum cohort default rate under subsection (f), the institution may not receive an allocation under this paragraph.

"(2) PHASE OUT.—For each of the fiscal years after fiscal year 2007, paragraph (1) shall be applied by substituting for '100 percent':

"(A) '80 percent' for fiscal years 2008 and 2009;
"(B) '60 percent' for fiscal years 2010 and 2011;
"(C) '40 percent' for fiscal years 2012 and 2013;
"(D) '20 percent' for fiscal years 2014 and 2015; and
"(E) '0 percent' for fiscal year 2016 and any succeeding fiscal year.

"(3) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

"(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

"(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to any amounts appropriated under section 461(b) of the Higher Education Act of 1965 (20 U.S.C. 1087bb(b)) for fiscal year 2008 or any succeeding fiscal year.

(c) BOOKS AND SUPPLIES.—Section 462(c)(4)(D) (20 U.S.C. 1087bb(c)(4)(D)) is amended by striking "$450" and inserting "$600".

SEC. 462. LOAN TERMS AND CONDITIONS.

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

(1) in paragraph (2)(A)—

(A) by striking "$4,000" in clause (i) and inserting "$5,500"; and

(B) by striking "$6,000" in clause (ii) and inserting "$8,000"; and

(2) in paragraph (2)(B)—

(A) by striking "$40,000" in clause (i) and inserting "$60,000";

(B) by striking "$20,000" in clause (ii) and inserting "$27,500"; and

(C) by striking "$8,000" in clause (iii) and inserting "$11,000".

(b) FORBEARANCE.—Section 464(e) (20 U.S.C. 1087dd(e)) is amended by striking ", upon written request,".

(c) SPECIAL REPAYMENT RULE.—Paragraph (2) of section 464(f) is amended to read as follows:

"(2) No compromise repayment of a defaulted loan as authorized by paragraph (1) may be made unless agreed to by the Secretary.".

(d) REHABILITATION.—Section 464(h)(1)(A) (20 U.S.C. 1087dd(h)(1)(A)) is amended by striking "12 ontime" and inserting "9 on-time".

SEC. 463. LOAN CANCELLATION.

Section 465(a)(3)(A) (20 U.S.C. 1087ee(a)(3)(A)) is amended—

(1) by inserting "(D)," after "subparagraph (A), (C)," in clause (i);

(2) by inserting "or" after the semicolon at the end of clause (ii);

(3) by striking clause (iii); and

(4) by redesignating clause (iv) as clause (iii).

SEC. 464. TECHNICAL AMENDMENTS.

Part E is further amended as follows:

(1) Section 462(g)(1)(E)(i)(I) (20 U.S.C. 1087bb(g)(1)(E)(i)(I)) is amended by inserting "monthly" after "consecutive".

(2) Section 463(a)(4)(A) (20 U.S.C. 1087cc(a)(4)(A)) is amended by striking "the Secretary may" and inserting "the Secretary shall".

(3) Section 464(c)(1)(D) (20 U.S.C. 1087dd(c)(1)(D)) is amended by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively.

(4) Section 465(a)(2) (20 U.S.C. 1087ee(a)(2)) is amended in subparagraph (A), by striking "section 111(c)" and inserting "section 1113(a)(5)".

(5) Section 467(b) (20 U.S.C. 1087gg(b)) is amended by striking "(5)(A), (5)(B)(i), or (6)" and inserting "(4)(A), (4)(B), or (5)".

(6) Section 469(c) (20 U.S.C. 1087ii(c)) is amended—

(A) by striking "sections 602 and 632" and inserting "sections 602(3) and 632(5)";

(B) by striking "qualified professional provider of early intervention services" and inserting "early intervention services"; and

(C) by striking "section 672(2)" and inserting "section 632(4)".

PART F—NEED ANALYSIS

SEC. 471. SIGNIFICANTLY SIMPLIFYING THE STUDENT AID APPLICATION PROCESS.

(a) EXPANDING THE AUTO-ZERO AND FURTHER SIMPLIFYING THE SIMPLIFIED NEEDS TEST.—

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

(A) in subsection (b)—

(i) in paragraph (1)—

(I) by striking clause (i) of subparagraph (A) and inserting the following:

"(i) the student's parents file, or are eligible to file, a form described in paragraph (3) or certify that they are not required to file an income tax return, and the student files, or is eligible to file, such a form or certifies that the student is not required to file an income tax return, or the student's parents, or the student, received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and"; and

(II) by striking clause (i) of subparagraph (B) and inserting the following:

"(i) the student (and the student's spouse, if any) files, or is eligible to file, a form described in paragraph (3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return, or the student (and the student's spouse, if any) received benefits at some time during the previous 12-month period under a means-

tested Federal benefit program as defined under subsection (d); and"; and

(ii) in paragraph (3), by striking "A student or family files a form described in this subsection, or subsection (c), as the case may be, if the student or family, respectively, files" and inserting "In the case of an independent student, the student, or in the case of a dependent student, the parent, files a form described in this subsection, or subsection (c), as the case may be, if the student or parent, as appropriate, files";

(B) in subsection (c)—

(i) in paragraph (1), by striking subparagraph (A) and inserting the following:

"(A) the student's parents file, or are eligible to file, a form described in subsection (b)(3) or certify that they are not required to file an income tax return, and the student files, or is eligible to file, such a form or certifies that the student is not required to file an income tax return, or the student's parents, or the student, received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined in subsection (d); and"; and

(ii) in paragraph (2), by striking subparagraph (A) and inserting the following:

"(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return, or the student (and the student's spouse, if any) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined in subsection (d); and"; and

(C) by adding at the end the following new subsections:

"(d) DEFINITION OF MEANS-TESTED FEDERAL BENEFIT PROGRAM.—For the purposes of this section, the term 'means-tested Federal benefit program' means a mandatory spending program of the Federal Government, other than a program under this title, in which eligibility for the program's benefits, or the amount of such benefits, or both, are determined on the basis of income or resources of the individual or family seeking the benefit, and may include such programs as the supplemental security income program under title XVI of the Social Security Act, the food stamp program under the Food Stamp Act of 1977, the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act, the temporary assistance to needy families program established under part A of title IV of the Social Security Act, and the women, infants and children program established under Section 17 of the Child Nutrition Act of 1966, and other programs identified by the Secretary.

"(e) REPORTING REQUIREMENTS.—The Secretary shall regularly evaluate the impact of the eligibility guidelines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A) and (c)(2)(A) of this section. In particular, the Secretary shall evaluate whether, under the definition of means-tested Federal benefit programs in subsection (d), the Simplified Needs Test continues to be targeted to the maximum number of low- and moderate-income students.".

(b) IMPROVEMENTS TO PAPER AND ELECTRONIC FORMS.—

(1) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING.—Section 483(a) (20 U.S.C. 1090(a)) is amended—

(A) by striking paragraphs (1), (2), and (5);

(B) by redesignating paragraphs (3), (4), (6), and (7), as paragraphs (9), (10), (11), and (12), respectively;

(C) by inserting before paragraph (9), as redesignated by subparagraph (B), the following:

"(1) IN GENERAL.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used for application and reapplication to determine the need and eligibility of a student for financial assistance under parts A through E (other than subpart 4 of part A). These forms shall be made available to applicants in both paper and electronic formats and shall be referred to as the 'Free Application for Federal Student Aid' or the 'FAFSA' .

"(2) EARLY ESTIMATES.—

"(A) IN GENERAL.—The Secretary shall permit applicants to complete such forms as described in this subsection in the 4 years prior to enrollment in order to obtain a non-binding estimate of the family contribution, as defined in section 473. The estimate shall clearly and conspicuously indicate that it is only an estimate of family contribution, and may not reflect the actual family contribution of the applicant that shall be used to determine the

grant, loan, or work assistance that the applicant may receive under this title when enrolled in a program of postsecondary education. Such applicants shall be permitted to update information submitted on forms described in this subsection using the process required under paragraph (5)(A).

"(B) EVALUATION.—Two years after the early estimates are implemented under this paragraph and from data gathered from the early estimates, the Secretary shall evaluate the differences between initial, non-binding early estimates and the final financial aid award made available under this title.

"(C) REPORT.—The Secretary shall provide a report to the authorizing committees on the results of the evaluation.

"(3) PAPER FORMAT.—

"(A) IN GENERAL.—The Secretary shall produce, distribute, and process common forms in paper format to meet the requirements of paragraph (1). The Secretary shall develop a common paper form for applicants who do not meet the requirements of subparagraph (B).

"(B) EZ FAFSA.—

"(i) IN GENERAL.—The Secretary shall develop and use a simplified paper application form, to be known as the 'EZ FAFSA', to be used for applicants meeting the requirements of section 479(c).

"(ii) REDUCED DATA REQUIREMENTS.—The form under this subparagraph shall permit an applicant to submit, for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under section 479(c).

"(iii) STATE DATA.—The Secretary shall include on the form under this subparagraph such data items as may be necessary to award State financial assistance, as provided under paragraph (6), except that the Secretary shall not include a State's data if that State does not permit its applicants for State assistance to use the form under this subparagraph.

"(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (7) shall apply to the form under this subparagraph, and the data collected by means of the form under this subparagraph shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).

"(v) TESTING.—The Secretary shall conduct appropriate field testing on the form under this subparagraph.

"(C) PROMOTING THE USE OF ELECTRONIC FAFSA.—

"(i) IN GENERAL.—The Secretary shall make an effort to encourage applicants to utilize the electronic forms described in paragraph (4).

"(ii) MAINTENANCE OF THE FAFSA IN A PRINTABLE ELECTRONIC FILE.—The Secretary shall maintain a version of the paper forms described in subparagraphs (A) and (B) in a printable electronic file that is easily portable. The printable electronic file will be made easily accessible and downloadable to students on the same website used to provide students with the electronic application forms described in paragraph (4) of this subsection. The Secretary shall enable students to submit a form created under this subparagraph that is downloaded and printed from an electronic file format in order to meet the filing requirements of this section and in order to receive aid from programs under this title.

"(iii) REPORTING REQUIREMENT.—The Secretary shall report annually to Congress on the impact of the digital divide on students completing applications for title IV aid described under this paragraph and paragraph (4). The Secretary will also report on the steps taken to eliminate the digital divide and phase out the paper form described in subparagraph (A) of this paragraph. The Secretary's report will specifically address the impact of the digital divide on the following student populations: dependent students, independent students without dependents, and independent students with dependents other than a spouse.

"(4) ELECTRONIC FORMAT.—

"(A) IN GENERAL.—The Secretary shall produce, distribute, and process common forms in electronic format to meet the requirements of paragraph (1). The Secretary shall develop common electronic forms for applicants who do not meet the requirements of subparagraph (C) of this paragraph.

"(B) STATE DATA.—The Secretary shall include on the common electronic forms space for information that needs to be submitted from the applicant to be eligible for State financial assistance, as provided under paragraph (6), except the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence.

"(C) SIMPLIFIED APPLICATIONS: FAFSA ON THE WEB.—

"(i) IN GENERAL.—The Secretary shall develop and use a simplified electronic application form to be used by applicants meeting the requirements under subsection (c) of section 479 and an additional, separate simplified electronic application form to be used by applicants meeting the requirements under subsection (b) of section 479.

"(ii) REDUCED DATA REQUIREMENTS.—The simplified electronic application forms shall permit an applicant to submit for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under subsection (b) or (c) of section 479.

"(iii) STATE DATA.—The Secretary shall include on the simplified electronic application forms such data items as may be necessary to award state financial assistance, as provided under paragraph (6), except that the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence.

"(iv) AVAILABILITY AND PROCESSING.—The data collected by means of the simplified electronic application forms shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).

"(v) TESTING.—The Secretary shall conduct appropriate field testing on the forms developed under this subparagraph.

"(D) USE OF FORMS.—Nothing in this subsection shall be construed to prohibit the use of the forms developed by the Secretary pursuant to this paragraph by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software provider, a consortium thereof, or such other entities as the Secretary may designate.

"(E) PRIVACY.—The Secretary shall ensure that data collection under this paragraph complies with section 552a of title 5, United States Code, and that any entity using the electronic version of the forms developed by the Secretary pursuant to this paragraph shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the forms. Data collected by such electronic version of the forms shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such electronic version of the forms shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary, except as may be permitted under this title.

"(F) SIGNATURE.—Notwithstanding any other provision of this Act, the Secretary may permit an electronic form under this paragraph to be submitted without a signature, if a signature is subsequently submitted by the applicant.

"(5) STREAMLINING.—

"(A) STREAMLINED REAPPLICATION PROCESS.—

"(i) IN GENERAL.—The Secretary shall develop streamlined reapplication forms and processes, including both paper and electronic reapplication processes, consistent with the requirements of this subsection, for an applicant who applies for financial assistance under this title—

"(I) in the academic year succeeding the year in which such applicant first applied for financial assistance under this title; or

"(II) in any succeeding academic years.

"(ii) MECHANISMS FOR REAPPLICATION.—The Secretary shall develop appropriate mechanisms to support reapplication.

"(iii) IDENTIFICATION OF UPDATED DATA.—The Secretary shall determine, in cooperation with States, institutions of higher education, agencies, and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.

"(iv) REDUCED DATA AUTHORIZED.—Nothing in this title shall be construed as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.

"(v) ZERO FAMILY CONTRIBUTION.—Applicants determined to have a zero family contribution pursuant to section 479(c) shall not be required to provide any financial data in a reapplication form, except that which is necessary to determine eligibility under such section.

"(B) REDUCTION OF DATA ELEMENTS.—

"(i) REDUCTION ENCOURAGED.—Of the number of data elements on the FAFSA on the date of enactment of the College Access and Opportunity Act of 2005 (including questions on the FAFSA for the purposes described in paragraph (6)), the Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall continue to reduce the number of such data elements following the date of enactment. Reductions of data elements under paragraph (3)(B), (4)(C), or (5)(A)(iv) shall not be counted towards the reduction referred to in this paragraph unless those data elements are reduced for all applicants.

"(ii) REPORT.—The Secretary shall annually report to the House of Representatives and the Senate on the progress made of reducing data elements.

"(6) STATE REQUIREMENTS.—

"(A) IN GENERAL.—The Secretary shall include on the forms developed under this subsection, such State-specific data items as the Secretary determines are necessary to meet State requirements for State need-based financial aid under section 415C, except as provided in paragraphs (3)(B)(iii) and (4)(C)(iii) of this subsection. Such items shall be selected in consultation with State agencies in order to assist in the awarding of State financial assistance in accordance with the terms of this subsection, except as provided in paragraphs (3)(B)(iii) and (4)(C)(iii) of this subsection. The number of such data items shall not be less than the number included on the form on October 7, 1998, unless a State notifies the Secretary that the State no longer requires those data items for the distribution of State need-based financial aid.

"(B) ANNUAL REVIEW.—The Secretary shall conduct an annual review process to determine which forms and data items the States require to award State need-based financial aid and other application requirements that the States may impose.

"(C) STATE USE OF SIMPLIFIED FORMS.—The Secretary shall encourage States to take such steps as necessary to encourage the use of simplified application forms, including those described in paragraphs (3)(B) and (4)(C), to meet the requirements under subsection (b) or (c) of section 479.

"(D) FEDERAL REGISTER NOTICE.—The Secretary shall publish on an annual basis a notice in the Federal Register requiring State agencies to inform the Secretary—

"(i) if the State agency is unable to permit applicants to utilize the simplified application forms described in paragraphs (3)(B) and (4)(C); and

"(ii) of the State-specific data that the State agency requires for delivery of State need-based financial aid.

"(E) STATE NOTIFICATION TO THE SECRETARY.—

"(i) IN GENERAL.—Each State agency shall notify the Secretary—

"(I) whether the State permits an applicant to file a form described in paragraph (3)(B) or paragraph (4)(C) of this subsection for purposes of determining eligibility for State need-based financial aid; and

"(II) the State-specific data that the State agency requires for delivery of State need-based financial aid.

"(ii) ACCEPTANCE OF FORMS.—In the event that a State does not permit an applicant to file a form described in paragraph (3)(B) or paragraph (4)(C) of this subsection for purposes of determining eligibility for State need-based financial aid—

"(I) the State shall notify the Secretary if the State is not permitted to do so because of either State law or because of agency policy; and

"(II) the notification under subclause (I) shall include an estimate of the program cost to permit applicants to complete simplified application forms under paragraphs (3)(B) and paragraph (4)(C) of this subsection.

"(iii) LACK OF NOTIFICATION BY THE STATE.—If a State does not notify the Secretary pursuant to clause (i), the Secretary shall—

"(I) permit residents of that State to complete simplified application forms under paragraphs (3)(B) and paragraph (4)(C) of this subsection; and

"(II) not require any resident of that State to complete any data previously required by that State under this section.

"(7) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORMS PROHIBITED.—

"(A) FEES PROHIBITED.—The FAFSA, in whatever form (including the EZ–FAFSA, paper, electronic, simplified, or reapplication), shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of the FAFSA. The need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A) may only be determined by using the FAFSA developed by the Secretary pursuant to this subsection. No student may receive assistance under parts A through E of this title (other than under subpart 4 of part A), except by use of the FAFSA developed by the Secretary pursuant to this subsection. No data collected on a form for which a fee is charged shall be used to complete the FAFSA.

"(B) NOTICE.—Any entity that provides to students or parents, or charges students or parents for, any value-added services with respect to or in connection with the FAFSA, such as completion of the FAFSA, submission of the FAFSA, or tracking of the FAFSA for a student, shall provide to students and parents clear and conspicuous notice that—

"(i) the FAFSA is a free Federal student aid application;

"(ii) the FAFSA can be completed without professional assistance; and

"(iii) includes the current Internet address for the FAFSA on the Department's web site.

"(8) APPLICATION PROCESSING CYCLE.—The Secretary shall enable students to submit a form created under this subsection in order to meet the filing requirements of this section and in order to receive aid from programs under this title and shall initiate the processing of applications under this subsection as early as practicable prior to January 1 of the student's planned year of enrollment.".

(2) MASTER CALENDAR.—Section 482(a)(1)(B) (20 U.S.C. 1089) is amended to read as follows:

"(B) by March 1: proposed modifications, updates, and notices pursuant to sections 478, 479(c)(2)(C), and 483(a)(6) published in the Federal Register;".

(c) INCREASING ACCESS TO TECHNOLOGY.—Section 483 (20 U.S.C. 1090) is further amended by adding at the end the following:

"(f) ADDRESSING THE DIGITAL DIVIDE.—The Secretary shall utilize savings accrued by moving more applicants to the electronic forms described in subsection (a)(4) to improve access to the electronic forms described in subsection (a)(4) for applicants meeting the requirements of section 479(c).".

(d) EXPANDING THE DEFINITION OF AN INDEPENDENT STUDENT.—Section 480(d) (20 U.S.C.1087vv(d)) is amended by striking paragraph (2) and inserting the following:

"(2) is an orphan, in foster care, or a ward of the court, or was in foster care or a ward of the court until the individual reached the age of 18;".

SEC. 472. ADDITIONAL NEED ANALYSIS AMENDMENTS.

(a) INCOME PROTECTION ALLOWANCE FOR DEPENDENT STUDENTS.——

(1) AMENDMENT.—Section 475(g)(2)(D) (20 U.S.C. 1087oo(g)(2)(D)) is amended by striking "$2,200" and inserting "$3,000".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to determinations of need for periods of enrollment beginning on or after July 1, 2006.

(b) EMPLOYMENT EXPENSE ALLOWANCE.—Section 478(h) (20 U.S.C. 1087rr(h)) is amended—

(1) by striking "476(b)(4)(B),"; and

(2) by striking "meals away from home, apparel and upkeep, transportation, and housekeeping services" and inserting "food away from home, apparel, transportation, and household furnishings and operations".

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

(1) by striking "(a) IN GENERAL.—" and inserting the following:

"(a) AUTHORITY TO MAKE ADJUSTMENTS.—

"(1) ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES.—";

(2) by inserting before "Special circumstances may" the following:

"(2) SPECIAL CIRCUMSTANCES DEFINED.—";

(3) by inserting "a student's status as a ward of the court at any time prior to attaining 18 years of age, a student's status as an individual who was adopted at or after age 13, a student's status as a homeless or unaccompanied youth (as defined in section 725 of the McKinney-Vento Homeless Assistance Act)," after "487,";

(4) by inserting before "Adequate documentation" the following:

"(3) DOCUMENTATION AND USE OF SUPPLEMENTARY INFORMATION.—"; and

(5) by inserting before "No student" the following:

"(4) FEES FOR SUPPLEMENTARY INFORMATION PROHIBITED.—".

(d) TREATING ACTIVE DUTY MEMBERS OF THE ARMED FORCES AS INDEPENDENT STUDENTS.—Section 480(d)(3) (20 U.S.C. 1087vv(d)(3)) is amended by inserting before the semicolon at the end the following: "or is currently serving on active duty in the Armed Forces for other than training purposes".

(e) EXCLUDABLE INCOME.—Section 480(e) (20 U.S.C. 1087vv(e)) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(5) any part of any distribution from a qualified tuition program established under section 529 of the Internal Revenue Code of 1986 that is not includable in gross income under such section 529.".

(f) TREATMENT OF SAVINGS PLANS.—

(1) AMENDMENT.—Section 480(f) (20 U.S.C. 1087vv(f)) is amended—

(A) in paragraph (1), by inserting "qualified tuition programs established under section 529 of the Internal Revenue Code of 1986 (26 U.S.C. 529), except as provided in paragraph (2)," after "tax shelters,";

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following new paragraph:

"(2) A qualified tuition program shall not be considered an asset of a dependent student under section 475 of this part. The value of a qualified tuition program for purposes of determining the assets of parents or independent students shall be—

"(A) the refund value of any tuition credits or certificates purchased under section 529 of the Internal Revenue Code of 1986 (26 U.S.C. 529) on behalf of a beneficiary; or

"(B) the current balance of any account which is established under such section for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account.".

(2) CONFORMING AMENDMENT.—Section 480(j) (20 U.S.C. 1087vv(j)) is amended—

(A) by striking "; TUITION PREPAYMENT PLANS" in the heading of such subsection;

(B) by striking paragraph (2);

(C) in paragraph (3), by inserting ", or a distribution that is not includable in gross income under section 529 of such Code," after "1986"; and

(D) by redesignating paragraph (3) as paragraph (2).

(g) TREATMENT OF FAMILY OWNERSHIP OF SMALL BUSINESSES.—Section 480(f)(3) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(f)(3)), as redesignated by subsection (f) of this section, is amended—

(1) in subparagraph (A), by striking "or";

(2) in subparagraph (B), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following new subparagraph:

"(C) a small business with not more than 100 full-time or full-time equivalent employees (or any part of such a small business) that is owned and controlled by the family.".

(h) DESIGNATED ASSISTANCE.—Section 480(j) (20 U.S.C. 1087vv(j)) is amended by adding after paragraph (2) (as redesignated by subsection (f)(2)(D) of this section) the following new paragraph:

"(3) Notwithstanding paragraph (1) and section 472, assistance not received under this title may be excluded from both estimated financial assistance and cost of attendance, if that assistance is designated by the State providing that assistance to offset a specific component of the cost of attendance. If that assistance is excluded from either estimated financial assistance or cost of attendance, it shall be excluded from both.".

PART G—GENERAL PROVISIONS RELATING TO STUDENT FINANCIAL ASSISTANCE

SEC. 481. DEFINITIONS OF ACADEMIC YEAR AND ELIGIBLE PROGRAM.

(a) ACADEMIC YEAR.—Paragraph (2) of section 481(a) (20 U.S.C. 1088(a)) is amended to read as follows:

"(2)(A) For the purpose of any program under this title, the term 'academic year' shall—

"(i) require a minimum of 30 weeks of instructional time for a course of study that measures its program length in credit hours; or

"(ii) require a minimum of 26 weeks of instructional time for a course of study that measures its program length in clock hours; and

"(iii) require an undergraduate course of study to contain an amount of instructional time whereby a full-time student is expected to complete at least—

"(I) 24 semester or trimester hours or 36 quarter credit hours in a course of study that measures its program length in credit hours; or

"(II) 900 clock hours in a course of study that measures its program length in clock hours.

"(B) The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree.".

(b) ELIGIBLE PROGRAM.—Section 481(b) (20 U.S.C. 1088(b)) is amended by adding at the end the following new paragraph:

"(3) For purposes of this title, an eligible program includes an instructional program that utilizes direct assessment of student learning, or recognizes the direct assessment of student learning, in lieu of credit hours or clock hours as the measure of student learning. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be eligible. The Secretary shall provide an annual report to Congress identifying the programs made eligible under this paragraph.".

SEC. 482. DISTANCE EDUCATION.

(a) DISTANCE EDUCATION: ELIGIBLE PROGRAM.—Section 481(b) (20 U.S.C. 1088(b)) is amended by adding after paragraph (3) (as added by section 481(b) of this Act) the following new paragraph:

"(4) An otherwise eligible program that is offered in whole or in part through telecommunications is eligible for the purposes of this title if the program is offered by an institution, other than a foreign institution, that has been evaluated and determined (before or after the date of enactment of this paragraph) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—

"(A) is recognized by the Secretary under subpart 2 of Part H; and

"(B) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3).".

(b) CORRESPONDENCE COURSES.—Section 484(*l*)(1) (20 U.S.C. 1091(*l*)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking "for a program of study of 1 year or longer"; and

(B) by striking "unless the total" and all that follows through "courses at the institution"; and

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

"(B) EXCEPTION.—Subparagraph (A) does not apply to an institution or school described in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998.".

SEC. 483. EXPANDING INFORMATION DISSEMINATION REGARDING ELIGIBILITY FOR PELL GRANTS.

Section 483(a) (20 U.S.C. 1090(a)) (as amended by section 471(b)) is further amended by adding at the end the following new paragraph:

"(13) EXPANDING INFORMATION DISSEMINATION REGARDING ELIGIBILITY FOR PELL GRANTS.—The Secretary shall make special efforts, in conjunction with State efforts, to notify students and their parents who qualify for a free lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), the Food Stamps program, or such other programs as the Secretary shall determine, of their potential eligibility for a maximum Pell Grant, and shall disseminate such informational materials as the Secretary deems appropriate.".

SEC. 484. STUDENT ELIGIBILITY.

(a) FRAUD: REPAYMENT REQUIRED.—Section 484(a) (20 U.S.C. 1091(a)) is amended—

(1) by striking the period at the end of paragraph (5) and inserting "; and"; and

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

"(6) if the student has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, have completed

the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud.".

(b) TECHNICAL AMENDMENT.—Section 484(b)(5) (20 U.S.C. 1091(b)(5)) is amended by inserting "or parent (on behalf of a student)" after "student".

(c) LOAN INELIGIBILITY BASED ON INVOLUNTARY CIVIL COMMITMENT FOR SEXUAL OFFENSES.—Section 484(b)(5) (20 U.S.C. 1091(b)(5)) is further amended by inserting before the period the following: ", and no student who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined under regulations of the Secretary) is eligible to receive a loan under this title".

(d) FREELY ASSOCIATED STATES.—Section 484(j) (20 U.S.C. 1091(j)) is amended by inserting "and shall be eligible only for assistance under subpart 1 of part A thereafter," after "part C,".

(e) VERIFICATION OF INCOME DATE.—Paragraph (1) of section 484(q) (20 U.S.C. 1091(q)) is amended to read as follows:

"(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the information specified in section 6103(l)(13) of the Internal Revenue Code of 1986 reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.".

(f) SUSPENSION OF ELIGIBILITY FOR DRUG OFFENSES.—Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is amended by striking everything preceding the table and inserting the following:

"(1) IN GENERAL.—A student who is convicted of any offense under any Federal or State law involving the possession or 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 table:".

SEC. 485. INSTITUTIONAL REFUNDS.

Section 484B (20 U.S.C. 1091b) is amended—

(1) in subsection (a)(1), by inserting "subpart 4 of part A or" after "received under";

(2) in subsection (a)(2), by striking "takes a leave" and by inserting "takes one or more leaves";

(3) in subsection (a)(3)(B)(ii), by inserting "(as determined in accordance with subsection (d))" after "student has completed";

(4) in subsection (a)(4), by amending subparagraph (A) to read as follows:

"(A) IN GENERAL.—After determining the eligibility of the student for a late disbursement or post-withdrawal disbursement (as required in regulations prescribed by the Secretary), the institution of higher education shall contact the borrower and obtain confirmation that the loan funds are still required by the borrower. In making such contact, the institution shall explain to the borrower the borrower's obligation to repay the funds following any such disbursement. The institution shall document in the borrower's file the result of such contact and the final determination made concerning such disbursement.";

(5) in subsection (b)(1), by inserting "no later than 45 days from the determination of withdrawal" after "return";

(6) in subsection (b)(2), by amending subparagraph (C) to read as follows:

"(C) GRANT OVERPAYMENT REQUIREMENTS.—

"(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), a student shall only be required to return grant assistance in the amount (if any) by which—

"(I) the amount to be returned by the student (as determined under subparagraphs (A) and (B)), exceeds

"(II) 50 percent of the total grant assistance received by the student under this title for the payment period or period of enrollment.

"(ii) MINIMUM.—A student shall not be required to return amounts of $50 or less.";

(7) in subsection (b)(2), by adding at the end the following new subparagraph:

"(D) WAIVERS OF PELL GRANT REPAYMENT BY STUDENTS AFFECTED BY DISASTERS.—The Secretary may waive the amounts that students are required to return under this section with respect to Pell grants if the withdrawals on which the returns are based are withdrawals by students—

"(i) who were residing in, employed in, or attending an institution of higher education that is located in an area in which the President has declared that a major disaster exists, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170);

"(ii) whose attendance was interrupted because of the impact of the disaster on the student or the institution; and

"(iii) whose withdrawal ended within the academic year during which the designation occurred or during the next succeeding academic year."; and

(8) in subsection (d), by striking "(a)(3)(B)(i)" and inserting "(a)(3)(B)".

SEC. 486. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—Section 485(a)(1) (20 U.S.C. 1092(a)(1)) is amended—

(1) by amending the second sentence to read as follows: "The information required by this section shall be produced and be made publicly available to an enrolled student and to any prospective student, through appropriate publications, mailings, electronic media, and the reports required by the institution's accrediting agency under section 496(c)(9).";

(2) by amending subparagraph (G) to read as follows:

"(G) the academic programs of the institution, including—

"(i) the current degree programs and other educational and training programs;

"(ii) the institution's educational mission and goals;

"(iii) the instructional, laboratory, and other physical plant facilities which relate to the academic programs; and

"(iv) the faculty and other instructional personnel;";

(3) by striking subparagraph (L) and inserting the following:

"(L) a summary of student outcomes for full-time undergraduate students, including—

"(i) the completion or graduation rates of certificate- or degree-seeking undergraduate students entering such institutions; and

"(ii) any other student outcome data, qualitative or quantitative, including data regarding distance education, deemed by the institution to be appropriate to its stated educational mission and goals, and, when applicable, licensing and placement rates for professional and vocational programs;";

(4) by inserting before the semicolon at the end of subparagraph (J) the following: ", and the process for students to register complaints with the accrediting agencies or associations";

(5) in subparagraph (M), by striking "guaranteed student loans under part B of this title or direct student loans under part E of this title, or both," and inserting "student loans under part B, D, or E of this title";

(6) by striking "and" at the end of subparagraph (N);

(7) by striking the period at the end of subparagraph (O) and inserting a semicolon; and

(8) by adding at the end the following new subparagraphs:

"(P) the penalties contained in subsection 484(r) regarding suspension of eligibility for drug related offenses;

"(Q) the policies of the institution regarding the acceptance or denial of academic credit earned at another institution of higher education, which shall include a statement that such decisions will not be based solely on the source of accreditation of a sending institution, provided that the sending institution is accredited by an agency or association that is recognized by the Secretary pursuant to section 496 to be a reliable authority as to the quality of the education or training offered, and except that nothing in this subparagraph shall be construed to—

"(i) authorize an officer or employee of the Department to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any institution of higher education, or over any accrediting agency or association;

"(ii) limit the application of the General Education Provisions Act; or

"(iii) create any legally enforceable right; and".

(b) ADDITIONAL AMENDMENTS.—Section 485(a) is further amended by striking paragraph (6) and inserting the following:

"(6) Each institution may provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students described in paragraph (4). For the purpose of this paragraph, the definitions provided in the Integrated Postsecondary Education Data System shall apply.

"(7) Each eligible institution participating in any program under this title may publicly report to currently enrolled and prospective students the voluntary information collected by the National Survey of Student Engagement (NSSE), the Community College Survey of Student Engagement (CCSSE), or other instruments that provide evidence of student participation in educationally purposeful activities. The information shall be produced and made available in a uniform and comprehensible manner, through appropriate publications, mailings, and electronic media, and may be included in reports required by the institution's accrediting agency.".

(c) EXIT COUNSELING.—Section 485(b) (20 U.S.C. 1092(b)) is amended by adding at the end the following new paragraph:

"(3) Each eligible institution shall, during the exit interview required by this subsection, provide to a borrower of a loan made under part B, D, or E a clear and conspicuous notice describing the effect of using a consolidation loan to discharge the borrower's student loans, including—

"(A) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

"(B) the effects of consolidation on a borrower's underlying loan benefits, including loan forgiveness, cancellation, and deferment;

"(C) the ability for the borrower to prepay the loan, pay on a shorter schedule, and to change repayment plans, and that borrower benefit programs may vary among different loan holders;

"(D) the tax benefits for which the borrower may be eligible; and

"(E) the consequences of default.".

(d) CAMPUS CRIME INFORMATION.—Section 485(f)(1) (20 U.S.C. 1092(f)(1)) is amended by inserting ", other than a foreign institution of higher education," after "under this title".

(e) DISCLOSURE OF FIRE SAFETY OF CAMPUS BUILDINGS.—Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092) is further amended—

(1) in subsection (a)(1), by adding after subparagraph (Q) (as added by subsection (a)(8) of this section) the following new subparagraph:

"(R) the fire safety report prepared by the institution pursuant to subsection (h)."; and

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

"(h) DISCLOSURE OF FIRE SAFETY STANDARDS AND MEASURES.—

"(1) ANNUAL FIRE SAFETY REPORTS REQUIRED.—Each institution participating in any program under this title shall, beginning in the first academic year that begins after the date of enactment of the College Access and Opportunity Act of 2005, and each year thereafter, prepare, publish, and distribute, through appropriate publications (including the Internet) or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual fire safety report. Such reports shall contain at least the following information with respect to the campus fire safety practices and standards of that institution:

"(A) A statement that identifies each institution-owned or controlled student housing facility, and whether or not such facility is equipped with a fire sprinkler system or other fire safety system, or has fire escape planning or protocols.

"(B) Statistics for each such facility concerning the occurrence of fires and false alarms in such facility during the 2 preceding calendar years for which data are available.

"(C) For each such occurrence in each such facility, a summary of the human injuries or deaths, structural or property damage, or combination thereof.

"(D) Information regarding rules on portable electrical appliances, smoking and open flames (such as candles), regular mandatory supervised fire drills, and planned and future improvements in fire safety.

"(E) Information about fire safety education and training provided to students, faculty, and staff.

"(F) Information concerning fire safety at any housing facility owned or controlled by a fraternity, sorority, or student group that is recognized by the institution, including—

"(i) information reported to the institution under paragraph (4); and

"(ii) a statement concerning whether and how the institution works with recognized student fraternities and sororities, and other recognized student groups owning or controlling housing facilities, to make each building and property owned or controlled by such fraternities, sororities, and groups more fire safe.

"(2) FRATERNITIES, SORORITIES, AND OTHER GROUPS.—Each institution participating in a program under this title shall request each fraternity and sorority

that is recognized by the institution, and any other student group that is recognized by the institution and that owns or controls housing facilities, to collect and report to the institution the information described in subparagraphs (A) through (E) of paragraph (1), as applied to the fraternity, sorority, or recognized student group, respectively, for each building and property owned or controlled by the fraternity, sorority, or group, respectively.

"(3) CURRENT INFORMATION TO CAMPUS COMMUNITY.—Each institution participating in any program under this title shall make, keep, and maintain a log, written in a form that can be easily understood, recording all on-campus fires, including the nature, date, time, and general location of each fire and all false fire alarms. All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law, be open to public inspection, and each such institution shall make annual reports to the campus community on such fires and false fire alarms in a manner that will aid the prevention of similar occurrences.

"(4) REPORTS TO THE SECRETARY.—On an annual basis, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(B). The Secretary shall—

"(A) review such statistics;

"(B) make copies of the statistics submitted to the Secretary available to the public; and

"(C) in coordination with nationally recognized fire organizations and representatives of institutions of higher education, identify exemplary fire safety policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus fires.

"(5) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to fire safety.

"(6) DEFINITIONS.—In this subsection, the term 'campus' has the meaning provided in subsection (f)(6).".

SEC. 487. COLLEGE ACCESS INITIATIVE.

Part G is further amended by inserting after section 485C (20 U.S.C. 1092c) the following new section:

"SEC. 485D. COLLEGE ACCESS INITIATIVE.

"(a) STATE-BY-STATE INFORMATION.—The Secretary shall direct each guaranty agency with which the Secretary has an agreement under section 428(c) to provide to the Secretary the information necessary for the development of web links and access for students and families to a comprehensive listing of the postsecondary education opportunities, programs, publications, Internet Web sites, and other services available in the States for which such agency serves as the designated guarantor.

"(b) GUARANTY AGENCY ACTIVITIES.—

"(1) PLAN AND ACTIVITY REQUIRED.—Each guaranty agency with which the Secretary has an agreement under section 428(c) shall develop a plan and undertake the activity necessary to gather the information required under subsection (a) and to make such information available to the public and to the Secretary in a form and manner as prescribed by the Secretary.

"(2) ACTIVITIES.—Each guaranty agency shall undertake such activities as are necessary to promote access to postsecondary education for students through providing information on college planning, career preparation, and paying for college. The guaranty agency shall publicize such information and coordinate such activities with other entities that either provide or distribute such information in the States for which such guaranty agency serves as the designated guarantor.

"(3) FUNDING.—The activities required by this section may be funded from the guaranty agency's operating account established pursuant to section 422B and, to the extent funds remain, from earnings on the restricted account established pursuant to section 422(h)(4).

"(c) ACCESS TO INFORMATION.—

"(1) SECRETARY'S RESPONSIBILITY.—The Secretary shall ensure the availability of the information provided by the guaranty agencies in accordance with this section to students, parents, and other interested individuals, through web links or other methods prescribed by the Secretary.

"(2) GUARANTY AGENCY RESPONSIBILITY.—The guaranty agencies shall ensure that the information required by this section is available without charge in printed format for students and parents requesting such information.

"(3) PUBLICITY.—Within 270 days after the date of enactment of the College Access and Opportunity Act of 2005, the Secretary and guaranty agencies shall publicize the availability of the information required by this section, with special emphasis on ensuring that populations that are traditionally underrepresented in postsecondary education are made aware of the availability of such information.".

SEC. 488. DISTANCE EDUCATION DEMONSTRATION PROGRAM.

(a) ELIGIBLE APPLICANTS.—Section 486(b)(3) (20 U.S.C. 1093(b)(3)) is amended—

(1) in subparagraph (B), by striking "section 102(a)(1)(C)" and inserting "section 102"; and

(2) in subparagraph (C), by striking "subsection (a) of section 102, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection," and inserting "section 101, other than the requirements of subparagraph (A) or (B) of subsection (b)(4) of such section".

(b) SELECTION.—Section 486(d)(1) (20 U.S.C. 1093(d)(1)) is amended—

(1) by striking "the third year" and inserting "subsequent years";

(2) by striking "35 institutions" and inserting "100 institutions"; and

(3) by adding at the end the following new sentence: "Not more than 5 of such institutions, systems, or consortia may be accredited, degree-granting correspondence schools.".

SEC. 489. COLLEGE AFFORDABILITY DEMONSTRATION PROGRAM.

Part G of title IV is amended by inserting after section 486 (20 U.S.C. 1093) the following new section:

"SEC. 486A. COLLEGE AFFORDABILITY DEMONSTRATION PROGRAM.

"(a) PURPOSE.—It is the purpose of this section—

"(1) to provide, through a college affordability demonstration program, for increased innovation in the delivery of higher education and student financial aid in a manner resulting in reduced costs for students as well as the institution by employing one or more strategies including accelerating degree or program completion, increasing availability of, and access to, distance components of education delivery, engaging in collaborative arrangements with other institutions and organizations, and other alternative methodologies; and

"(2) to help determine—

"(A) the most effective means of delivering student financial aid as well as quality education;

"(B) the specific statutory and regulatory requirements that should be altered to provide for more efficient and effective delivery of student financial aid, as well as access to high quality distance education programs, resulting in a student more efficiently completing postsecondary education; and

"(C) the most effective methods of obtaining and managing institutional resources.

"(b) DEMONSTRATION PROGRAM AUTHORIZED.—

"(1) IN GENERAL.—In accordance with the purposes described in subsection (a) and the provisions of subsection (d), the Secretary is authorized to select not more than 100 institutions of higher education, including those applying as part of systems or consortia of such institutions, for voluntary participation in the College Affordability Demonstration Program in order to enable participating institutions to carry out such purposes by providing programs of postsecondary education, and making available student financial assistance under this title to students enrolled in those programs, in a manner that would not otherwise meet the requirements of this title.

"(2) WAIVERS.—The Secretary is authorized to waive for any institutions of higher education, or any system or consortia of institutions of higher education, selected for participation in the College Affordability Demonstration Program, any requirements of this Act or the regulations thereunder as deemed necessary by the Secretary to meet the purpose described in subsection (a)(1), and shall make a determination that the waiver can reasonably be expected to result in reduced costs to students or institutions without an increase in Federal program costs. The Secretary may not waive under this paragraph the maximum award amounts for an academic year or loan period.

"(3) ELIGIBLE APPLICANTS.—

"(A) ELIGIBLE INSTITUTIONS.—Except as provided in subparagraph (B), only an institution of higher education that is eligible to participate in programs under this title shall be eligible to participate in the demonstration program authorized under this section.

"(B) PROHIBITION.—An institution of higher education described in section 102 shall not be eligible to participate in the demonstration program authorized under this section.

"(c) APPLICATION.—

"(1) IN GENERAL.—Each institution or system of institutions desiring to participate in the demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(2) CONTENTS OF APPLICATIONS.—Each application for the college affordability demonstration program shall include at least the following:

"(A) a description of the institution or system or consortium of institutions and what quality assurance mechanisms are in place to insure the integrity of the Federal financial aid programs;

"(B) a description of the innovation or innovations being proposed and the affected programs and students, including—

"(i) a description of any collaborative arrangements with other institutions or organizations to reduce costs;

"(ii) a description of any expected economic impact of participation in the program within the community in which the institution is located; and

"(iii) a description of any means the institution will employ to reduce the costs of instructional materials, such as textbooks;

"(C) a description of each regulatory or statutory requirement for which waivers are sought, with a reason for each waiver;

"(D) a description of the expected outcomes of the program changes proposed, including the estimated reductions in costs both for the institution and for students;

"(E) a description of the quality assurance mechanisms in place to ensure the integrity of the Federal financial aid programs;

"(F) an assurance from each institution in a system or consortium of a commitment to fulfill its role as described in the application;

"(G) an assurance that the participating institution or system of institutions will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

"(H) any other information or assurances the Secretary may require.

"(d) SELECTION.—In selecting institutions to participate in the demonstration program under this section, the Secretary shall take into account—

"(1) the number and quality of applications received, determined on the basis of the contents required by subsection (c)(2);

"(2) the Department's capacity to oversee and monitor each institution's participation;

"(3) an institution's—

"(A) financial responsibility;

"(B) administrative capability;

"(C) program or programs being offered via distance education, if applicable;

"(D) student completion rates; and

"(E) student loan default rates; and

"(4) the participation of a diverse group of institutions with respect to size, mission, and geographic distribution.

"(e) NOTIFICATION.—The Secretary shall make available to the public and to the authorizing committees a list of institutions selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution and a description of the innovations being demonstrated.

"(f) EVALUATIONS AND REPORTS.—

"(1) EVALUATION.—The Secretary shall evaluate the demonstration program authorized under this section on a biennial basis. Such evaluations specifically shall review—

"(A) the extent to which expected outcomes, including the estimated reductions in cost, were achieved;

"(B) the number and types of students participating in the programs offered, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased;

"(C) issues related to student financial assistance associated with the innovations undertaken;

"(D) effective technologies and alternative methodologies for delivering student financial assistance;

"(E) the extent of the cost savings to the institution, the student, and the Federal Government by virtue of the waivers provided, and an estimate as to future cost savings for the duration of the demonstration program;

"(F) the extent to which students saved money by virtue of completing their postsecondary education sooner;

"(G) the extent to which the institution reduced its tuition and fees and its costs by virtue of participation in the demonstration program;

"(H) the extent to which any collaborative arrangements with other institutions or organizations have reduced the participating institution's costs; and

"(I) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

"(2) POLICY ANALYSIS.—The Secretary shall review current policies and identify those policies that present impediments to the implementation of innovations that result in cost savings and in expanding access to education.

"(3) REPORTS.—The Secretary shall provide a report to the authorizing committees on a biennial basis regarding—

"(A) the demonstration program authorized under this section;

"(B) the results of the evaluations conducted under paragraph (1);

"(C) the cost savings to the Federal Government by the demonstration program authorized by this section; and

"(D) recommendations for changes to increase the efficiency and effective delivery of financial aid.

"(g) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

"(1) ensure compliance of institutions or systems of institutions with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

"(2) provide technical assistance to institutions in their application to and participation in the demonstration program;

"(3) monitor fluctuations in the student population enrolled in the participating institutions or systems of institutions;

"(4) monitor changes in financial assistance provided at the institution; and

"(5) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

"(h) TERMINATION OF AUTHORITY.—The authority of the Secretary under this section shall cease to be effective on October 1, 2011.".

SEC. 490. PROGRAM PARTICIPATION AGREEMENTS.

(a) REFUND POLICIES.—Section 487(a) (20 U.S.C. 1094(a)) is amended—

(1) in paragraph (16), by inserting "or other Federal, State, or local government funds" after "funds under this title" each place it appears;

(2) in paragraph (22), by striking "refund policy" and inserting "policy on the return of title IV funds"; and

(3) in paragraph (23)—

(A) by moving subparagraph (C) 2 em spaces to the left; and

(B) by adding after such subparagraph the following new subparagraph:

"(D) An institution shall be considered in compliance with the requirements of subparagraph (A) for any student to whom the institution electronically transmits a message containing a voter registration form acceptable for use in the State in which the institution is located, or an Internet address where such a form can be downloaded, provided such information is in an electronic message devoted to voter registration.".

(b) ENFORCING THE 90/10 RULE.—

(1) AMENDMENT.—Section 487(a) (20 U.S.C. 1094(a)) is further amended by adding at the end the following new paragraph:

"(24) The institution will, as calculated in accordance with subsection (f)(1), have at least 10 percent of its revenues from sources other than funds provided under this title, or will be subject to the sanctions described in subsection (f)(2).".

(2) IMPLEMENTATION.—Section 487 is further amended by adding at the end the following new subsection:

"(f) IMPLEMENTATION OF NON-TITLE IV REVENUE REQUIREMENT.—

"(1) CALCULATION.—In carrying out subsection (a)(24), an institution shall use the cash basis of accounting and count the following funds toward the 10 percent of revenues from sources of funds other than funds provided under this title:

"(A) funds used by students to pay tuition, fees, and other institutional charges from sources other than funds provided under this title as long as the institution can reasonably demonstrate that such funds were used for such purposes;

"(B) institutional funds used to satisfy matching-fund requirements for programs under this title;

"(C) funds from savings plans for educational expenses established pursuant to the Internal Revenue Code of 1986;

"(D) funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under this title, so long as the program is approved or licensed by the appropriate State agency or an accrediting agency recognized by the Secretary; and

"(E) institutional aid, as follows:

"(i) in the case of institutional loans, only the amount of loan repayments received during the fiscal year; and

"(ii) in the case of institutional scholarships, only those provided by the institution in the form of monetary aid or tuition discounts based upon the academic achievements or financial need of students, disbursed during the fiscal year from an established restricted account, and only to the extent that the funds in that account represent designated funds from an outside source or from income earned on those funds.

"(2) SANCTIONS.—An institution that fails to meet the requirements of subsection (a)(24) for 3 consecutive years shall become ineligible to participate in the programs authorized by this title. In addition to such other means of enforcing the requirements of this title as may be available to the Secretary, if an institution fails to meet the requirements of subsection (a)(24) in any year, the Secretary may impose one or more of the following sanctions on the institution:

"(A) Place the institution on provisional certification in accordance with section 498(h) until the institution demonstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).

"(B) Require such other increased monitoring and reporting requirements as the Secretary determines necessary until the institution demonstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).

"(3) PUBLICATION ON COOL WEBSITE.—The Secretary shall identify, on the College Opportunities On-Line website under section 131(b), any institution that fails to meet the requirements of subsection (a)(24) in any year as an institution that is failing to meet the minimum non-Federal source of revenue requirements of that subsection.".

(c) REPORTS ON DISCIPLINARY PROCEEDINGS.—

(1) AMENDMENT.—Section 487(a) (20 U.S.C. 1094(a)) is further amended by adding after paragraph (24), as added by subsection (b) of this section, the following new paragraph:

"(25) The institution will disclose to the alleged victim of any crime of violence (as that term is defined in section 16 of title 18), or a nonforcible sex offense, the final results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense with respect to such crime or offense. If the alleged victim of such crime or offense is deceased, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to any disciplinary proceeding conducted by such institution on or after one year after the date of enactment of this Act.

(d) AUDIT REQUIREMENTS.—Section 487(c)(1)(A)(i) (20 U.S.C. 1094(c)(1)(A)(i)) is amended by inserting before the semicolon at the end the following: ", except that the Secretary may modify the requirements of this clause with respect to institutions of higher education that are foreign institutions, and may waive such requirements with respect to a foreign institution whose students receive less than $500,000 in loans under this title during the award year preceding the audit period".

SEC. 491. ADDITIONAL TECHNICAL AND CONFORMING AMENDMENTS.

Part G is further amended as follows:

(1) Section 483(d) (20 U.S.C. 1090(d)) is amended by striking "that is authorized under section 685(d)(2)(C)" and inserting ", or another appropriate provider of technical assistance and information on postsecondary educational services, that is supported under section 663".

(2) Section 484 (20 U.S.C. 1091) is amended—

(A) in subsection (a)(4), by striking "certification,," and inserting "certification,"; and

(B) in subsection (b)(2)—

(i) in the matter preceding subparagraph (A), by striking "section 428A" and inserting "section 428H";

(ii) in subparagraph (A), by inserting "and" after the semicolon at the end thereof;

(iii) in subparagraph (B), by striking "; and" and inserting a period; and

(iv) by striking subparagraph (C).

(3) Section 484A(b)(2) (20 U.S.C. 1091a(b)(2)) is amended by striking "part B of this title" and inserting "part B, D, or E of this title".

(4) Section 485B(a) (20 U.S.C. 1092b(a)) is amended—

(A) by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively;

(B) by redesignating the paragraph (5) (as added by section 2008 of Public Law 101–239) as paragraph (6); and

(C) in paragraph (5) (as added by section 204(3) of the National Community Service Act of 1990 (Public Law 101–610))—

(i) by striking "(22 U.S.C. 2501 et seq.))," and inserting "(22 U.S.C. 2501 et seq.),"; and

(ii) by striking the period at the end thereof and inserting a semicolon.

(5) Section 487A(b) (20 U.S.C. 1094a(b)) is amended—

(A) in paragraph (1)—

(i) by striking "Higher Education Amendments of 1998" and inserting "College Access and Opportunity Act of 2005"; and

(ii) by striking the second sentence;

(B) in paragraph (2)—

(i) by striking "1993 through 1998" and inserting "1998 through 2004";

(ii) by striking "(as such section" and all that follows through "Amendments of 1998)"; and

(iii) by striking "Higher Education Amendments of 1998." and inserting "College Access and Opportunity Act of 2005."; and

(C) in paragraph (3)(A)—

(i) by striking "Upon the submission" and all that follows through "limited number of additional institutions for voluntary participation" and inserting "The Secretary is authorized to continue the voluntary participation of institutions participating as of July 1, 2005,"; and

(ii) by inserting before the period at the end the following: ", and shall continue the participation of any such institution unless the Secretary determines that such institution's participation has not been successful in carrying out the purposes of this section".

(6) Section 491(c) (20 U.S.C. 1098(c)) is amended by adding at the end the following new paragraph:

"(3) The appointment of members under subparagraphs (A) and (B) of paragraph (1) shall be effective upon publication of the appointment in the Congressional Record.".

(7) Section 491(h)(1) (20 U.S.C. 1098(h)(1)) is amended by striking "the rate authorized for GS–18 of the General Schedule" and inserting "the maximum rate payable under section 5376 of such title".

(8) Section 491(k) (20 U.S.C. 1098(k)) is amended by striking "2004" and inserting "2011".

(9) Section 493A (20 U.S.C. 1098c) is repealed.

(10) Section 498 (20 U.S.C. 1099c) is amended—

(A) in subsection (c)(2), by striking "for profit," and inserting "for-profit,"; and

(B) in subsection (d)(1)(B), by inserting "and" after the semicolon at the end thereof.

PART H—PROGRAM INTEGRITY

SEC. 495. ACCREDITATION.

(a) STANDARDS FOR ACCREDITATION.—Section 496(a) (20 U.S.C. 1099b(a)) is amended—

(1) in paragraph (3)—

(A) by inserting "or" after the semicolon at the end of subparagraph (A);
(B) by striking subparagraph (B); and
(C) by redesignating subparagraph (C) as subparagraph (B);

(2) in paragraph (4)—
(A) by inserting "(A)" after "(4)";
(B) by inserting after "consistently applies and enforces standards" the following: "that consider the stated missions of institutions of higher education, including such missions as inculcation of religious values, and";
(C) by inserting "and" after the semicolon at the end thereof; and
(D) by adding at the end the following new subparagraph:

"(B) if such agency or association already has or seeks to include within its scope of recognition the evaluation of the quality of institutions or programs offering distance education, such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that—

"(i) the accreditation agency's or association's standards effectively address the quality of an institution's distance education programs in the areas identified in paragraph (5) of this subsection, except that the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of distance education institutions or programs in order to meet the requirements of this subparagraph; and

"(ii) the agency or association requires that an institution that offers distance education programs to have processes by which it establishes that the student who registers in a distance education course or program is the same student who participates, completes academic work, and receives academic credit;";

(3) in paragraph (5)—
(A) by amending subparagraph (A) to read as follows:

"(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of student academic achievement as determined by the institution (in accordance with standards of the accrediting agency or association), retention, course and program completion, State licensing examinations, and job placement rates, and other student performance information selected by the institution, particularly that information used by the institution to evaluate or strengthen its programs;"; and

(B) by amending subparagraph (E) to read as follows:

"(E) fiscal, administrative capacity, as appropriate to the specified scale of operations, and, for an agency or association where its approval for such institution determines eligibility for student assistance under this title, board governance, within the context of the institution's mission;";

(4) by striking paragraph (6) and inserting the following:

"(6) such an agency or association shall establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings that comply with due process that provides for—

"(A) adequate specification of requirements and deficiencies at the institution of higher education or program being examined;

"(B) an opportunity for a written response by any such institution to be included in the evaluation and withdrawal proceedings;

"(C) upon the written request of an institution, an opportunity for the institution to appeal any adverse action at a hearing prior to such action becoming final before an appeals panel that—

"(i) shall not include current members of the agency or association's underlying decision-making body that made the adverse decision; and

"(ii) is subject to a conflict of interest of policy; and

"(D) the right to representation by counsel for an such institution;"; and

(5) by striking paragraph (8) and inserting the following:

"(8) such agency or association shall make available to the public and submit to the Secretary and the State licensing or authorizing agency, together with the comments of the affected institution, a summary of agency or association actions, involving—

"(A) final denial, withdrawal, suspension, or termination of accreditation; and

"(B) any other final adverse action taken with respect to an institution.".

(b) OPERATING PROCEDURES.—Section 496(c) (20 U.S.C. 1099b(c)) is amended—

(1) by inserting "(including those regarding distance education)" before the semicolon at the end of paragraph (1);

(2) by striking "and" at the end of paragraph (5);

(3) by striking the period at the end of paragraph (6) and inserting a semicolon; and

(4) by inserting after paragraph (6) the following new paragraphs:

"(7) ensures that its onsite comprehensive reviews for accreditation or reaccreditation include evaluation of the substance of the information required in subparagraph (H) of section 485(a)(1);

"(8) confirms as a part of its review for accreditation or reaccreditation that the institution has transfer policies—

"(A) that are publicly disclosed; and

"(B) that do not deny transfer of credit based solely on the accreditation of the sending institution as long as the association or agency is recognized by the Secretary pursuant to section 496;

"(9) develops a brief summary, available to the public, of final adverse actions in accordance with the requirements of subsection (a)(8);

"(10) monitors the enrollment growth of distance education to ensure that an institution experiencing signficant growth has the capacity to serve its students effectively;

"(11) discloses publicly, on the agency's website or through other similar dissemination—

"(A) a list of the individuals who comprised the evaluation teams during the prior calendar year for each agency or association and the title and institutional affiliation of such individuals, although such list shall not be required to identify those individuals who comprised the evaluation team used for any specific institution;

"(B) a description of the agency's or association's process for selecting, preparing, and evaluating such individuals; and

"(C) any statements related to the accreditation responsibilities of such individuals; and

"(12) reviews the record of student complaints resulting from the student information process described in section 485(a)(1)(J).".

(c) LIMITATION, SUSPENSION, AND TERMINATION OF RECOGNITION.—Section 496(*l*) is amended by adding at the end the following new paragraph:

"(3) The Secretary shall provide an annual report to Congress on the status of any agency or association for which the Secretary has limited, suspended or terminated recognition under this subsection.".

(d) PROGRAM REVIEW AND DATA.—Section 498A(b) (20 U.S.C. 1099c–1(b)) is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

"(6) provide to the institution adequate opportunity to review and respond to any program review report or audit finding and underlying materials related thereto before any final program review or audit determination is reached;

"(7) review and take into consideration the institution's response in any final program review or audit determination, and include in the final determination—

"(A) a written statement addressing the institution's response and stating the basis for such final determination; and

"(B) a copy of the institution's statement in response, appropriately redacted to protect confidential information;

"(8) maintain and preserve at all times the confidentiality of any program review report or audit finding until the requirements of paragraphs (6) and (7) are met, and until a final program review or audit determination has been issued, except to the extent required to comply with paragraph (5), provided, however, that the Secretary shall promptly disclose any and all program review reports and audit findings to the institution under review; and

"(9) require that the authority to approve or issue any program review report or audit finding, preliminary or otherwise, that contains any finding, determination, or proposed assessment that exceeds or may exceed $500,000 in liabilities shall not be delegated to any official beyond the Chief Operating Officer of Federal Student Aid.".

SEC. 496. REPORT TO CONGRESS ON PREVENTION OF FRAUD AND ABUSE IN STUDENT FINANCIAL AID PROGRAMS.

Title IV is amended by adding at the end the following new section:

"SEC. 499. REPORT TO CONGRESS ON PREVENTION OF FRAUD AND ABUSE IN STUDENT FINANCIAL AID PROGRAMS.

"(a) PURPOSE.—It is the purpose of this section to require the Secretary to commission a nonpartisan, comprehensive study on the prevention of fraud and abuse

in title IV student financial aid programs, and to report the results of such study to Congress.

"(b) SCOPE OF REPORT.—The study under this section shall thoroughly identify and address the following:

"(1) The impact of fraud and abuse in title IV student financial aid programs upon students and taxpayers, and the nature of such fraud and abuse.

"(2) The effectiveness of existing policies and requirements under this Act that were put in place to prevent fraud and abuse in title IV student financial aid programs, and how such policies and requirements should be improved.

"(3) The extent to which existing protections against fraud and abuse under this Act are adequately enforced, and how enforcement should be strengthened.

"(4) Areas in which additional information is needed to assess the effectiveness of current protections and enforcement against fraud and abuse.

"(5) Existing policies and requirements under this Act aimed at fraud and abuse that are ineffective, hinder innovation, or could be eliminated without reducing effectiveness.

"(6) New policies and enforcement, particularly those suited for the current higher education marketplace, needed to protect against fraud and abuse in title IV student financial aid programs.

"(7) The extent to which States are implementing regulations to protect students from fraud and abuse, and whether changes to Federal law will preempt such regulations.

"(c) REPORT.—Not later than December 31, 2007, the Secretary, after an opportunity for both the Secretary and the Inspector General of the Department of Education to review the results of the study, shall transmit to Congress a report on the study conducted under this section. Such report shall—

"(1) include clear and specific recommendations for legislative and regulatory actions that are likely to significantly reduce the fraud and abuse in title IV student financial aid programs identified under subsection (b); and

"(2) include both the Secretary's and the Inspector General's comments on the report.".

TITLE V—DEVELOPING INSTITUTIONS

SEC. 501. DEFINITIONAL CHANGES.

Section 502(a) (20 U.S.C. 1101a(a)) is amended—

(1) in paragraph (5)—

(A) by inserting "and" after the semicolon at the end of subparagraph (A);

(B) by inserting "at the end of the award year immediately preceding the date of application" after "Hispanic students" in subparagraph (B);

(C) by striking "; and" at the end of subparagraph (B) and inserting a period; and

(D) by striking subparagraph (C); and

(2) by striking paragraph (7).

SEC. 502. ASSURANCE OF ENROLLMENT OF NEEDY STUDENTS.

Section 511(c) (20 U.S.C. 1103(c)) is amended—

(1) by striking paragraph (2);

(2) by redesignating paragraphs (3) through (7) as paragraphs (2) through (6); and

(3) by inserting after paragraph (6) as so redesignated the following new paragraph:

"(7) contain such assurances as the Secretary may require that the institution has an enrollment of needy students as required by section 502(b);".

SEC. 503. ADDITIONAL AMENDMENTS.

Title V is further amended—

(1) in section 502(a)(2)(A) (20 U.S.C. 1101a(a)(2)(A)), by redesignating clauses (v) and (vi) as clauses (vi) and (vii), respectively, and inserting after clause (iv) the following new clause:

"(v) which provides a program of not less than 2 years that is acceptable for full credit toward a bachelor's degree;";

(2) in section 503(b) (20 U.S.C. 1101b(b))—

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

"(2) Construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisi-

tion of real property adjacent to the campus of the institution on which to construct such facilities.";

(B) by amending paragraph (12) to read as follows:

"(12) Establishing community outreach programs and collaborative partnerships between Hispanic-serving institutions and local elementary or secondary schools. Such partnerships may include mentoring, tutoring, or other instructional opportunities that will boost student academic achievement and assist elementary and secondary school students in developing the academic skills and the interest to pursue postsecondary education.";

(C) by redesignating paragraphs (5) through (14) as paragraphs (6) through (15), respectively; and

(D) by inserting after paragraph (4) the following:

"(5) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.";

(3) in section 504(a) (20 U.S.C. 1101c(a))—

(A) by striking the following:

"(a) AWARD PERIOD.—

"(1) IN GENERAL.—The Secretary" and inserting the following:

"(a) AWARD PERIOD.—The Secretary"; and

(B) by striking paragraph (2); and

(4) in section 514(c) (20 U.S.C. 1103c(c)), by striking "section 505" and inserting "section 504".

SEC. 504. POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC AMERICANS.

(a) ESTABLISHMENT OF PROGRAM.—Title V is amended—

(1) by redesignating part B as part C;

(2) by redesignating sections 511 through 518 as sections 521 through 528, respectively; and

(3) by inserting after section 505 (20 U.S.C. 1101d) the following new part:

"PART B—PROMOTING POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC AMERICANS

"SEC. 511. PURPOSES.

"The purposes of this part are—

"(1) to expand postbaccalaureate educational opportunities for, and improve the academic attainment of, Hispanic students; and

"(2) to expand the postbaccalaureate academic offerings and enhance the program quality in the institutions that are educating the majority of Hispanic college students and helping large numbers of Hispanic and low-income students complete postsecondary degrees.

"SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.

"(a) PROGRAM AUTHORIZED.—Subject to the availability of funds appropriated to carry out this part, the Secretary shall award competitive grants to Hispanic-serving institutions determined by the Secretary to be making substantive contributions to graduate educational opportunities for Hispanic students.

"(b) ELIGIBILITY.—For the purposes of this part, an 'eligible institution' means an institution of higher education that—

"(1) is an eligible institution under section 502(a)(2); and

"(2) offers a postbaccalaureate certificate or degree granting program.

"SEC. 513. AUTHORIZED ACTIVITIES.

"Grants awarded under this part shall be used for one or more of the following activities:

"(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

"(2) Construction, maintenance, renovation, and improvement of classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services.

"(3) Purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials.

"(4) Support for needy postbaccalaureate students including outreach, academic support services, mentoring, scholarships, fellowships, and other financial assistance to permit the enrollment of such students in postbaccalaureate certificate and degree granting programs.

"(5) Support of faculty exchanges, faculty development, faculty research, curriculum development, and academic instruction.

"(6) Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

"(7) Collaboration with other institutions of higher education to expand postbaccalaureate certificate and degree offerings.

"(8) Other activities proposed in the application submitted pursuant to section 514 that—

"(A) contribute to carrying out the purposes of this part; and

"(B) are approved by the Secretary as part of the review and acceptance of such application.

"SEC. 514. APPLICATION AND DURATION.

"(a) APPLICATION.—Any eligible institution may apply for a grant under this part by submitting an application to the Secretary at such time and in such manner as determined by the Secretary. Such application shall demonstrate how the grant funds will be used to improve postbaccalaureate education opportunities in programs and professions in which Hispanic Americans are underrepresented.

"(b) DURATION.—Grants under this part shall be awarded for a period not to exceed 5 years.

"(c) LIMITATION.—The Secretary shall not award more than one grant under this part in any fiscal year to any Hispanic-serving institution.".

(b) COOPERATIVE ARRANGEMENTS.—Section 524(a) (as redesignated by subsection (a)(2)) (20 U.S.C. 1103c(a)) is amended by inserting "and section 513" after "section 503".

SEC. 505. AUTHORIZATION OF APPROPRIATIONS.

Subsection (a) of section 528 (as redesignated by section 504(a)(2) of this Act) (20 U.S.C. 1103g) is amended to read as follows:

"(a) AUTHORIZATIONS.—

"(1) PART A.—There are authorized to be appropriated to carry out part A and part C of this title $96,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

"(2) PART B.—There are authorized to be appropriated to carry out part B of this title $59,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.".

TITLE VI—TITLE VI AMENDMENTS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

(a) FINDINGS AND PURPOSES.—Section 601 (20 U.S.C. 1121) is amended—

(1) in subsection (a)—

(A) by striking "post-Cold War" in paragraph (3);

(B) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(C) by inserting after paragraph (3) the following new paragraph:

"(4) The events and aftermath of September 11, 2001, have underscored the need for the Nation to strengthen and enhance American knowledge of international relations, world regions, and foreign languages. Homeland security and effective United States engagement abroad depend upon an increased number of Americans who have received such training and are willing to serve their Nation.";

(2) in subsection (b)(1)—

(A) by striking "; and" at the end of subparagraph (D) and inserting ", including through linkages overseas with institutions of higher education and relevant organizations that contribute to the educational programs assisted under this part;";

(B) by inserting "and" after the semicolon at the end of subparagraph (E);

(C) by inserting after such subparagraph (E) the following new subparagraph:

"(F) to assist the national effort to educate and train citizens to participate in the efforts of homeland security;"; and

(3) in subsection (b)(3)—

(A) by inserting "reinforce and" before "coordinate"; and

(B) by inserting ", and international business and trade competitiveness" before the period.

(b) GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.—Section 602(a) (20 U.S.C. 1122(a)) is amended—

(1) in paragraph (1), by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or consortia of such institutions for the purpose of establishing, strengthening, and operating—

"(i) comprehensive foreign language and area or international studies centers and programs; and

"(ii) a diverse network of undergraduate foreign language and area or international studies centers and programs.";

(2) in paragraph (2)—

(A) by striking "and" at the end of subparagraph (G);

(B) by striking the period at the end of subparagraph (H) and inserting a semicolon; and

(C) by inserting after subparagraph (H) the following new subparagraphs:

"(I) supporting instructors of the less commonly taught languages;

"(J) widely disseminating materials developed by the center or program to local educational agencies and public and private elementary and secondary education schools, and institutions of higher education, presented from diverse perspectives and reflective of a wide range of views on the subject matter, except that no more than 50 percent of funds awarded to an institution of higher education or consortia of such institutions for purposes under this title may be associated with the costs of dissemination; and

"(K) projects that support in students an understanding of science and technology in coordination with foreign language proficiency."; and

(3) in paragraph (4)—

(A) by amending subparagraph (B) to read as follows:

"(B) Partnerships or programs of linkage and outreach with 2-year and 4-year colleges and universities, including colleges of education and teacher professional development programs.";

(B) in subparagraph (C), by striking "Programs of linkage or outreach" and inserting "Partnerships or programs of linkage and outreach";

(C) in subparagraph (E)—

(i) by striking "foreign area" and inserting "area studies";

(ii) by striking "of linkage and outreach"; and

(iii) by striking "(C), and (D)" and inserting "(D), and (E)";

(D) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively; and

(E) by inserting after subparagraph (B) the following new subparagraph:

"(C) Partnerships with local educational agencies and public and private elementary and secondary education schools that are designed to increase student academic achievement in foreign language and knowledge of world regions, and to facilitate the wide dissemination of materials related to area studies, foreign languages, and international studies that are reflective of a wide range of views on the subject matter.".

(c) LANGUAGE RESOURCE CENTERS.—Section 603(c) (20 U.S.C. 1123(c)) is amended by inserting "reflect the purposes of this part and" after "shall".

(d) UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—Section 604 (20 U.S.C. 1124) is amended—

(1) in subsection (a)(1), by striking "combinations" each place it appears and inserting "consortia";

(2) in subsection (a)(2)—

(A) in subparagraph (B)(ii), by striking "teacher training" and inserting "teacher professional development";

(B) by redesignating subparagraphs (I) through (M) as subparagraphs (J) through (N), respectively;

(C) by inserting after subparagraph (H) the following new subparagraph:

"(I) the provision of grants for educational programs abroad that are closely linked to the program's overall goals and have the purpose of promoting foreign language fluency and knowledge of world regions, except that not more than 10 percent of a grant recipient's funds may be used for this purpose;"; and

(D) in subparagraph (M)(ii) (as redesignated by subparagraph (B) of this paragraph), by striking "elementary and secondary education institutions" and inserting "local educational agencies and public and private elementary and secondary education schools";

(3) in subsection (a)(4)(B), by inserting "that demonstrates a need for a waiver or reduction" before the period at the end;

(4) in subsection (a)(6), by inserting "reflect the purposes of this part and" after "shall";

(5) in subsection (a)(8), by striking "may" and inserting "shall"; and

(6) by striking subsection (c).

(e) RESEARCH; STUDIES; ANNUAL REPORT.—Section 605(a) (20 U.S.C. 1125(a)) is amended by inserting before the period at the end of the first sentence the following: ", including the systematic collection, analysis, and dissemination of data".

(f) TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.—Section 606 (20 U.S.C. 1126) is amended—

(1) in subsection (a)—

(A) by striking "or consortia of such institutions or libraries" and inserting "museums, or consortia of such entities";

(B) by striking "new"; and

(C) by inserting "from foreign sources" after "disseminate information";

(2) in subsection (b)—

(A) by inserting "acquire and" before "facilitate access" in paragraph (1);

(B) by striking "new means of" in paragraph (3) and inserting "new means and standards for";

(C) by striking "and" at the end of paragraph (6);

(D) by striking the period at the end of paragraph (7) and by inserting a semicolon; and

(E) by inserting after paragraph (7) the following new paragraphs:

"(8) to establish linkages between grant recipients under subsection (a) with libraries, museums, organizations, or institutions of higher education located overseas to facilitate carrying out the purposes of this section; and

"(9) to carry out other activities deemed by the Secretary to be consistent with the purposes of this section."; and

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

"(e) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

"(1) are eligible to receive assistance under part A or B of title III or under title V; and

"(2) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.".

(g) SELECTION OF GRANT RECIPIENTS.—Section 607(b) (20 U.S.C. 1127(b)) is amended—

(1) by striking "objectives" and inserting "missions"; and

(2) by adding at the end the following new sentence: "In keeping with the purposes of this part, the Secretary shall take into account the degree to which activities of centers, programs, and fellowships at institutions of higher education address national interests, generate and disseminate information, and foster debate on international issues from diverse perspectives.".

(h) EQUITABLE DISTRIBUTION.—Section 608(a) (20 U.S.C. 1128(a)) is amended by adding at the end the following new sentence: "Grants made under section 602 shall also reflect the purposes of this part.".

(i) AUTHORIZATION OF APPROPRIATIONS.—Section 610 (20 U.S.C. 1128b) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

(j) CONFORMING AMENDMENTS.—

(1) Sections 603(a), 604(a)(5), and 612 (20 U.S.C. 1123(a), 1124(a)(5), 1130–1) are each amended by striking "combinations" each place it appears and inserting "consortia".

(2) Section 612 (20 U.S.C. 1130–1) is amended by striking "combination" each place it appears and inserting "consortium".

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—Section 612 (20 U.S.C. 1130–1) is amended—

(1) in subsection (c)(1)(D), by inserting "(including those that are eligible to receive assistance under part A or B of title III or under title V)" after "other institutions of higher education"; and

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

"(5) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

"(A) are eligible to receive assistance under part A or B of title III or under title V; and

"(B) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.".

(b) EDUCATION AND TRAINING PROGRAMS.—Section 613 (20 U.S.C. 1130a) is amended by adding at the end the following new subsection:

"(e) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

"(1) are eligible to receive assistance under part A or B of title III or under title V; and

"(2) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 614 (20 U.S.C. 1130b) is amended—

(1) by striking "1999" each place it appears and inserting "2006"; and

(2) by striking "4 succeeding" each place it appears and inserting "5 succeeding".

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

(a) FOREIGN SERVICE PROFESSIONAL DEVELOPMENT.—Section 621 (20 U.S.C. 1131) is amended—

(1) by striking the heading of such section and inserting the following:

"SEC. 621. PROGRAM FOR FOREIGN SERVICE PROFESSIONALS.";

(2) by striking the second sentence of subsection (a) and inserting the following: "The Institute shall conduct a program to enhance the international competitiveness of the United States by increasing the participation of underrepresented populations in the international service, including private international voluntary organizations and the foreign service of the United States."; and

(3) in subsection (b)(1), by striking subparagraphs (A) and (B) and inserting the following:

"(A) A Tribally Controlled College or University or Alaska Native or Native Hawaiian-serving institution eligible for assistance under title III, an institution eligible for assistance under part B of title III, or a Hispanic-serving institution eligible for assistance under title V.

"(B) An institution of higher education which serves substantial numbers of underrepresented students.".

(b) INSTITUTIONAL DEVELOPMENT.—Section 622 (20 U.S.C. 1131–1) is amended by inserting before the period at the end of subsection (a) the following: "and promote collaboration with colleges and universities that receive funds under this title".

(c) STUDY ABROAD PROGRAM.—Section 623(a) (20 U.S.C. 1131a(a)) is amended by inserting after "1978," the following: "Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions,".

(d) ADVANCED DEGREE IN INTERNATIONAL RELATIONS.—Section 624 (20 U.S.C. 1131b) is amended—

(1) by striking "**MASTERS**" in the heading of such section and inserting "**ADVANCED**";

(2) by striking "a masters degree in international relations" and inserting "an advanced degree in international relations, international affairs, international economics, or other academic areas related to the Institute fellow's career objectives"; and

(3) by striking "The masters degree program designed by the consortia" and inserting "The advanced degree study program shall be designed by the consortia, consistent with the fellow's career objectives, and".

(e) INTERNSHIPS.—Section 625 (20 U.S.C. 1131c) is amended—

(1) in subsection (a), by inserting after "1978," the following: "Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions,";

(2) in subsection (b)—

(A) by inserting "and" after the semicolon at the end of paragraph (2);

(B) by striking "; and" at the end of paragraph (3) and inserting a period; and

(C) by striking paragraph (4); and

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

"(c) RALPH J. BUNCHE FELLOWS.—In order to assure the recognition and commitment of individuals from underrepresented student populations who demonstrate special interest in international affairs and language study, eligible students who participate in the internship programs authorized under (a) and (b) shall be known as the 'Ralph J. Bunche Fellows'.".

(f) REPORT.—Section 626 (20 U.S.C. 1131d) is amended by striking "annually prepare a report" and inserting "prepare a report biennially".

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 628 (20 U.S.C. 1131f) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 604. EVALUATION, OUTREACH, AND DISSEMINATION.

Part D of title VI is amended by inserting after section 631 (20 U.S.C. 1132) the following new section:

"SEC. 632. EVALUATION, OUTREACH, AND DISSEMINATION.

"The Secretary may use not more than one percent of the funds made available for this title for program evaluation, national outreach, and information dissemination activities.".

SEC. 605. ADVISORY BOARD.

Part D of title VI is amended by inserting after section 632 (as added by section 604) the following new section:

"SEC. 633. INTERNATIONAL HIGHER EDUCATION ADVISORY BOARD.

"(a) ESTABLISHMENT AND PURPOSE.—

"(1) ESTABLISHMENT.—There is established in the Department an independent International Higher Education Advisory Board (hereafter in this section referred to as the 'International Advisory Board'). The International Advisory Board shall provide advice, counsel, and recommendations to the Secretary and the Congress on international education issues for higher education.

"(2) PURPOSE.—The purpose of the International Advisory Board is—

"(A) to provide expertise in the area of national needs for proficiency in world regions, foreign languages, international affairs, and international business;

"(B) to make recommendations that will promote the excellence of international education programs and result in the growth and development of such programs at the postsecondary education level that will reflect diverse perspectives and a wide range of views on world regions, foreign language, international affairs, and international business; and

"(C) to advise the Secretary and the Congress with respect to needs for expertise in government, the private sector, and education in order to enhance America's understanding of, and engagement in, the world.

"(b) INDEPENDENCE OF INTERNATIONAL ADVISORY BOARD.—In the exercise of its functions, powers, and duties, the International Advisory Board shall be independent of the Secretary and the other offices and officers of the Department. Except as provided in this subsection and subsection (f), the recommendations of the International Advisory Board shall not be subject to review or approval by any officer of the Federal Government. Nothing in this title shall be construed to authorize the International Advisory Board to mandate, direct, or control an institution of higher education's specific instructional content, curriculum, or program of instruction or instructor. The International Advisory Board is authorized to assess a sample of activities supported under this title, using materials that have been submitted to the Department of Education by grant recipients under this title, in order to provide recommendations to the Secretary and the Congress for the improvement of programs under the title and to ensure programs meet the purposes of the title to promote the study of and expertise in foreign language and world regions, especially with respect to diplomacy, national security, and international business and trade competitiveness. The recommendations of the International Advisory Board may address any area in need of improvement, except that any recommendation of specific legislation to Congress shall be made only if the President deems it necessary and expedient.

"(c) MEMBERSHIP.—

"(1) APPOINTMENT.—The International Advisory Board shall have 7 members of whom—

"(A) 3 members shall be appointed by the Secretary;

"(B) 2 members shall be appointed by the Speaker of the House of Representatives, upon the recommendation of the Majority Leader and the Minority Leader; and

"(C) 2 members shall be appointed by the President pro tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader.

"(2) REPRESENTATION.—Two of the members appointed by the Secretary under paragraph (1)(A) shall be appointed to represent Federal agencies that have diplomacy, national security, international commerce, or other international activity responsibilities, after consultation with the heads of such agencies. The members of the International Advisory Board shall also include (but not be limited to) persons with international expertise representing States, institutions of higher education, cultural organizations, educational organizations, international business, local education agencies, students, and private citizens with expertise in international concerns.

"(3) QUALIFICATION.—Members of the International Advisory Board shall be individuals who have technical qualifications, professional standing, experience working in international affairs or foreign service or international business occupations, or demonstrated knowledge in the fields of higher education and international education, including foreign languages, world regions, or international affairs.

"(d) FUNCTIONS OF THE INTERNATIONAL ADVISORY BOARD.—

"(1) IN GENERAL.—The International Advisory Board shall provide recommendations in accordance with subsection (b) regarding improvement of programs under this title to the Secretary and the Congress for their review. The International Advisory Board may—

"(A) review and comment upon the regulations for grants under this title;

"(B) assess a sample of activities supported under this title based on the purposes and objectives of this title, using materials that have been submitted to the Department of Education by grant recipients under this title, in order to provide recommendations for improvement of the programs under this title;

"(C) make recommendations that will assist the Secretary and the Congress to improve the programs under this title to better reflect the national needs related to foreign languages, world regions, diplomacy, national security, and international business and trade competitiveness, including an assessment of the national needs and the training provided by the institutions of higher education that receive a grant under this title for expert and nonexpert level foreign language training;

"(D) make recommendations to the Secretary and the Congress regarding such studies, surveys, and analyses of international education that will provide feedback about the programs under this title and assure that their relative authorized activities reflect diverse perspectives and a wide range of views on world regions, foreign languages, diplomacy, national security, and international business and trade competitiveness;

"(E) make recommendations that will strengthen the partnerships between local educational agencies, public and private elementary and secondary education schools, and grant recipients under this title to ensure that the research and knowledge about world regions, foreign languages, and international affairs is widely disseminated to local educational agencies;

"(F) make recommendations on how institutions of higher education that receive a grant under this title can encourage students to serve the Nation and meet national needs in an international affairs, international business, foreign language, or national security capacity;

"(G) make recommendations on how linkages between institutions of higher education and public and private organizations that are involved in international education, international business and trade competitiveness, language training, and international research capacities may fulfill the manpower and information needs of United States businesses; and

"(H) make recommendations to the Secretary and the Congress about opportunities for underrepresented populations in the areas of foreign language study, diplomacy, international business and trade competitiveness, and international economics, in order to effectively carry out the activities of the Institute under part C.

"(2) HEARINGS.—The International Advisory Board shall provide for public hearing and comment regarding the matter contained in the recommendations described in paragraph (1), prior to the submission of those recommendations to the Secretary and the Congress.

"(e) OPERATIONS OF THE COMMITTEE.—

"(1) TERMS.—Each member of the International Advisory Board shall be appointed for a term of 3 years, except that, of the members first appointed (A) 4 shall be appointed for a term of 3 years, and (B) 3 shall be appointed for a term of 4 years, as designated at the time of appointment by the Secretary. A member of the International Advisory Board may be reappointed to successive terms on the International Advisory Board.

"(2) VACANCIES.—Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the International Advisory Board shall, upon the Secretary's request, continue to serve after the expiration of a term until a successor has been appointed.

"(3) NO GOVERNMENTAL MEMBERS.—Except for the members appointed by the Secretary under subsection (c)(1)(A), no officers or full-time employees of the

Federal Government shall serve as members of the International Advisory Board.

"(4) MEETINGS.—The International Advisory Board shall meet not less than once each year. The International Advisory Board shall hold additional meetings at the call of the Chair or upon the written request of not less than 3 voting members of the International Advisory Board.

"(5) QUORUM.—A majority of the voting members of the International Advisory Board serving at the time of a meeting shall constitute a quorum.

"(6) CHAIR.—The International Advisory Board shall elect a Chairman or Chairwoman from among the members of the International Advisory Board.

"(f) SUBMISSION TO DEPARTMENT FOR COMMENT.—The International Advisory Board shall submit its proposed recommendations to the Secretary of Education for comment for a period not to exceed 30 days in each instance.

"(g) PERSONNEL AND RESOURCES.—

"(1) COMPENSATION AND EXPENSE.—Members of the International Advisory Board shall serve without pay for such service. Members of the International Advisory Board who are officers or employees of the United States may not receive additional pay, allowances, or benefits by reason of their service on the International Advisory Board. Members of the International Advisory Board may each receive reimbursement for travel expenses incident to attending International Advisory Board meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(2) PERSONNEL.—The International Advisory Board may appoint such personnel as may be determined necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the maximum rate payable under section 5376 of such title. The International Advisory Board may appoint not more than one full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The International Advisory Board shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.

"(3) CONSULTATION.—In carrying out its duties under the Act, the International Advisory Board shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

"(4) ASSISTANCE FROM OTHER AGENCIES.—

"(A) INFORMATION.—The International Advisory Board is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the International Advisory Board, upon request made by the Chairman for the purpose of providing expertise in the area of national needs for the proficiency in world regions, foreign languages, and international affairs.

"(B) SERVICES AND PERSONNEL.—The head of each Federal agency shall, to the extent not prohibited by law, consult with the International Advisory Board in carrying out this section. The International Advisory Board is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement, for the purpose of providing expertise in the area of national needs for the proficiency in world regions, foreign languages, and international affairs.

"(5) CONTRACTS; EXPERTS AND CONSULTANTS.—The International Advisory Board may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section. The International Advisory Board is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and to set pay in accordance with such section.

"(h) TERMINATION.—Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the International Advisory Board shall be authorized through September 30, 2012.

"(i) FUNDS.—The Secretary shall use not more than one-half of the funds available to the Secretary under section 632 to carry out this section.".

SEC. 606. RECRUITER ACCESS TO STUDENTS AND STUDENT RECRUITING INFORMATION; SAFETY.

Part D of title VI is amended by inserting after section 633 (as added by section 605) the following new sections:

"SEC. 634. RECRUITER ACCESS TO STUDENTS AND STUDENT RECRUITING INFORMATION.

"Each institution of higher education that receives a grant under this title shall assure that—

"(1) recruiters of the United States Government and agencies thereof are given the same access to students as is provided generally to other institutions of higher education and prospective employers of those students for the purpose of recruiting for graduate opportunities or prospective employment; and

"(2) no undue restrictions are placed upon students that seek employment with the United States Government or any agency thereof.

"SEC. 635. STUDENT SAFETY.

"Applicants seeking funds under this title to support student travel and study abroad shall submit as part of their grant application a description of safety policies and procedures for students participating in the program while abroad.".

SEC. 607. NATIONAL STUDY OF FOREIGN LANGUAGE HERITAGE COMMUNITIES.

Part D of title VI is further amended by inserting after section 635 (as added by section 606) the following new section:

"SEC. 636. NATIONAL STUDY OF FOREIGN LANGUAGE HERITAGE COMMUNITIES.

"(a) STUDY.—The Secretary of Education, in consultation with the International Advisory Board, shall conduct a study to identify foreign language heritage communities, particularly such communities that include speakers of languages that are critical to the national security of the United States.

"(b) FOREIGN LANGUAGE HERITAGE COMMUNITY.—For purposes of this section, the term 'foreign language heritage community' means a community of residents or citizens of the United States who are native speakers of, or who have partial fluency in, a foreign language.

"(c) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary of Education shall submit a report to the Congress on the results of the study conducted under this section.".

TITLE VII—TITLE VII AMENDMENTS

SEC. 701. JAVITS FELLOWSHIP PROGRAM.

(a) AUTHORITY AND TIMING OF AWARDS.—Section 701(a) (20 U.S.C. 1132a(a)) is amended by inserting after the second sentence the following: "For purposes of the exception in the preceding sentence, a master's degree in fine arts shall be considered a terminal degree.".

(b) INTERRUPTIONS OF STUDY.—Section 701(c) (20 U.S.C. 1134(c)) is amended by adding at the end the following new sentence: "In the case of other exceptional circumstances, such as active duty military service or personal or family member illness, the institution of higher education may also permit the fellowship recipient to interrupt periods of study for the duration of the tour of duty (in the case of military service) or not more than 12 months (in any other case), but without payment of the stipend.".

(c) ALLOCATION OF FELLOWSHIPS.—Section 702(a)(1) (20 U.S.C. 1134a(a)(1)) is amended—

(1) in the first sentence, by inserting "from diverse geographic regions" after "higher education"; and

(2) by adding at the end the following new sentence: "The Secretary shall also assure that at least one representative appointed to the Board represents an institution that is eligible for a grant under title III or V of this Act.".

(d) STIPENDS.—Section 703 (20 U.S.C. 1134b(a)) is amended—

(1) in subsection (a)—

(A) by striking "1999–2000" and inserting "2006–2007";

(B) by striking "shall be set" and inserting "may be set"; and

(C) by striking "Foundation graduate fellowships" and inserting "Foundation Graduate Research Fellowship Program on February 1 of such academic year"; and

(2) in subsection (b), by amending paragraph (1)(A) to read as follows:

"(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship under this subpart at such institution, an insti-

tutional allowance. Except as provided in subparagraph (B), such allowance shall be, for 2006–2007 and succeeding academic years, the same amount as the institutional payment made for 2005–2006 adjusted for 2006–2007 and annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for All Urban Consumers for the previous calendar year.".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 705 (20 U.S.C. 1134d) is amended by striking "fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

SEC. 702. GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.

(a) DESIGNATION OF AREAS OF NATIONAL NEED; PRIORITY.—Section 712 (20 U.S.C. 1135a) is amended—

(1) in the last sentence of subsection (b)—

(A) by striking "and an assessment" and inserting "an assessment"; and

(B) by inserting before the period at the end the following: ", and the priority described in subsection (c) of this section"; and

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

"(c) PRIORITY.—The Secretary shall establish a priority for grants in order to prepare individuals for the professoriate who will train highly-qualified elementary and secondary math and science teachers, special education teachers, and teachers who provide instruction for limited English proficient individuals. Such grants shall offer program assistance and graduate fellowships for—

"(1) post-baccalaureate study related to teacher preparation and pedagogy in math and science for students who have completed a master's degree or are pursuing a doctorate of philosophy in math and science;

"(2) post-baccalaureate study related to teacher preparation and pedagogy in special education and English language acquisition and academic proficiency for limited English proficient individuals; and

"(3) support of dissertation research in the fields of math, science, special education, or second language pedagogy and second language acquisition.".

(b) COLLABORATION REQUIRED FOR CERTAIN APPLICATIONS.—Section 713(b) (20 U.S.C. 1135b) is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by redesignating paragraph (10) as paragraph (11); and

(3) by inserting after paragraph (9) the following new paragraph:

"(10) in the case of an application for a grant by a department, program, or unit in education or teacher preparation, contain assurances that such department, program, or unit collaborates with departments, programs, or units in all content areas to assure a successful combination of training in both teaching and such content; and".

(c) STIPENDS.—Section 714(b) (20 U.S.C. 1135c(b)) is amended—

(1) by striking "1999–2000" and inserting "2006–2007";

(2) by striking "shall be set" and inserting "may be set"; and

(3) by striking "Foundation graduate fellowships" and inserting "Foundation Graduate Research Fellowship Program on February 1 of such academic year".

(d) ADDITIONAL ASSISTANCE.—Section 715(a)(1) (20 U.S.C. 1135d(a)(1)) is amended—

(1) by striking "1999–2000" and inserting "2006–2007";

(2) by striking "1998–1999" and inserting "2005–2006"; and

(3) by inserting "for All Urban Consumers" after "Price Index".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 716 (20 U.S.C. 1135e) is amended by striking "fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

(f) TECHNICAL AMENDMENTS.—Section 714(c) (20 U.S.C. 1135c(c)) is amended—

(1) by striking "section 716(a)" and inserting "section 715(a)"; and

(2) by striking "section 714(b)(2)" and inserting "section 713(b)(2)".

SEC. 703. THURGOOD MARSHALL LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

(a) CONTRACT AND GRANT PURPOSES.—Section 721(c) (20 U.S.C. 1136(c)) is amended—

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

"(2) to prepare such students for study at accredited law schools and assist them with the development of analytical skills and study methods to enhance their success and promote completion of law school;";

(2) by striking "and" at the end of paragraph (4);

(3) by striking the period at the end of paragraph (5) and inserting "; and"; and

(4) by adding at the end the following new paragraph:

"(6) to award Thurgood Marshall Fellowships to eligible law school students—

"(A) who participated in summer institutes authorized by subsection (d) and who are enrolled in an accredited law school; or

"(B) who are eligible law school students who have successfully completed a comparable summer institute program certified by the Council on Legal Educational Opportunity.".

(b) SERVICES PROVIDED.—Section 721(d)(1)(D) (20 U.S.C. 1136(d)(1)(D)) is amended by inserting "in analytical skills and study methods" after "courses".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 721(h) (20 U.S.C. 1136(h)) is amended by striking "1999 and each of the 4 succeeding fiscal years" and inserting "2006 and each of the 5 succeeding fiscal years".

(d) GENERAL PROVISIONS.—Subsection (e) of section 731 (20 U.S.C. 1137(e)) is repealed.

SEC. 704. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) CONTRACT AND GRANT PURPOSES.—Section 741(a) (20 U.S.C. 1138(a)) is amended—

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

"(1) the encouragement of the reform and improvement of, and innovation in, postsecondary education and the provision of educational opportunity for all, especially for the non-traditional student populations;";

(2) in paragraph (2), by inserting before the semicolon at the end the following: "for postsecondary students, especially institutions, programs, and joint efforts that provide academic credit for programs";

(3) by amending paragraph (3) to read as follows:

"(3) the establishment of institutions and programs based on the technology of communications, including delivery by distance education;";

(4) by amending paragraph (6) to read as follows:

"(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering postsecondary institutions and pursuing programs of postsecondary study tailored to individual needs;";

(5) by striking "and" at the end of paragraph (7);

(6) by striking the period at the end of paragraph (8) and inserting a semicolon; and

(7) by adding at the end the following new paragraphs:

"(9) the provision of support and assistance to programs implementing integrated education reform services in order to improve secondary school graduation and college attendance and completion rates for disadvantaged students, and to programs that reduce postsecondary remediation rates, and improve degree attainment rates, for low-income students and former high school dropouts; and

"(10) the assessment, in partnership with a public or private nonprofit institution or agency, of the performance of teacher preparation programs within institutions of higher education in a State, using an assessment which provides comparisons across such schools within the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach. ".

(b) PROHIBITION.—Section 741 (20 U.S.C. 1138) is further amended by adding at the end the following new subsection:

"(c) PROHIBITION.—No funds made available under this part may be used to provide financial assistance to students who do not meet the requirements of section 484(a)(5).".

(c) AREAS OF NATIONAL NEED.—Section 744(c) (20 U.S.C. 1138c(c)) is amended—

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

"(2)(A) Development of partnerships between local educational agencies and institutions of higher education to establish or expand existing dual enrollment programs at institutions of higher education that allow high school students to earn high school and transferable college credit.

"(B) Development of consortia of institutions of higher education to create dual enrollment programs including academic and student support agreements and comprehensive articulation agreements that would allow for the seamless and timeless acquisition of college credits and the transfer of postsecondary academic credits between such institutions, particularly from 2-year to 4-year institutions of higher education."; and

(2) by striking paragraph (4) and inserting the following:

"(4) International cooperation, partnerships, or student exchange among postsecondary educational institutions in the United States and abroad.

"(5) Establishment of academic programs including graduate and undergraduate courses, seminars and lectures, support of research, and development of teaching materials for the purpose of supporting faculty and academic programs that teach traditional American history (including significant constitutional, political, intellectual, economic, diplomatic, and foreign policy trends, issues, and documents; the history, nature, and development of democratic institutions of which American democracy is a part; and significant events and individuals in the history of the United States).

"(6) Support for planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to enable institutions of higher education to work with private and civic organizations to assist communities to meet and address their pressing and severe problems, including economic development, community infrastructure and housing, crime prevention, education, healthcare, self-sufficiency, and workforce preparation. Such activities may include support for the development of coordinated curriculum and internship opportunities for students in disadvantaged communities.".

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 745 (20 U.S.C. 1138d) is amended by striking "$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "$40,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years" .

SEC. 705. URBAN COMMUNITY SERVICE.

Part C of title VII (20 U.S.C. 1139 et seq.) is repealed.

SEC. 706. DEMONSTRATION PROJECTS TO ENSURE STUDENTS WITH DISABILITIES RECEIVE A QUALITY HIGHER EDUCATION.

(a) SERVING ALL STUDENTS WITH DISABILITIES.—Section 762(a) (20 U.S.C. 1140a(a)) is amended by striking "students with learning disabilities" and inserting "students with disabilities".

(b) AUTHORIZED ACTIVITIES.—

(1) AMENDMENT.—Section 762(b)(2) is amended—

(A) in subparagraph (A), by inserting "in order to improve retention and completion" after "disabilities";

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (E), respectively;

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

"(B) EFFECTIVE TRANSITION PRACTICES.—The development of innovative, effective, and efficient teaching methods and strategies to ensure the smooth transition of students with disabilities from high school to postsecondary education."; and

(D) by inserting after subparagraph (C) (as redesignated by subparagraph (B) of this paragraph) the following new subparagraph:

"(D) DISTANCE LEARNING.—The development of innovative, effective, and efficient teaching methods and strategies to provide faculty and administrators with the ability to provide accessible distance education programs or classes that would enhance access of students with disabilities to higher education, including the use of electronic communication for instruction and advisement.".

(2) CONFORMING AMENDMENT.—Section 762(b)(3) is amended by striking "subparagraphs (A) through (C)" and inserting "subparagraphs (A) through (E)".

(c) APPLICATIONS.—Section 763 (20 U.S.C. 1140b) is amended—

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

"(1) a description of how such institution plans to address the activities allowed under this part;";

(2) by striking "and" at the end of paragraph (2);

(3) by striking the period at the end of paragraph (3) and inserting "; and"; and

(4) by adding at the end the following new paragraph:

"(4) a description of the extent to which an institution will work to replicate the best practices of institutions of higher education with demonstrated success in serving students with disabilities.".

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 765 (20 U.S.C. 1140d) is amended by striking "fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years" and inserting "fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years".

TITLE VIII—CLERICAL AMENDMENTS

SEC. 801. CLERICAL AMENDMENTS.

(a) DEFINITION.—Section 103 (20 U.S.C. 1003) (as amended by section 102) is further amended—

(1) by redesignating paragraphs (1) through (16) as paragraphs (2) through (17), respectively; and

(2) by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) AUTHORIZING COMMITTEES.—The term 'authorizing committees' means the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives.".

(b) COMMITTEES.—

(1) The following provisions are each amended by striking "Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives" and inserting "authorizing committees":

(A) Section 428(g) (20 U.S.C. 1078(g)).

(B) Section 428A(a)(3) (20 U.S.C. 1078–1(a)(3)), as redesignated by section 430(e)(4).

(C) Section 428A(c)(2) (20 U.S.C. 1078–1(c)(2)).

(D) Section 428A(c)(5) (20 U.S.C. 1078–1(c)(5)).

(E) Section 455(b)(7)(B) (20 U.S.C. 1087e(b)(7)(B)), as redesignated by section 423(b)(3).

(F) Section 483(c) (20 U.S.C. 1090(c)).

(G) Section 486(e) (20 U.S.C. 1093(e)).

(H) Section 486(f)(3)(A) (20 U.S.C. 1093(f)(3)(A)).

(I) Section 486(f)(3)(B) (20 U.S.C. 1093(f)(3)(B)).

(J) Section 487A(a)(5) (20 U.S.C. 1094a(a)(5)).

(K) Section 487A(b)(2) (20 U.S.C. 1094a(b)(2)).

(L) Section 487A(b)(3)(B) (20 U.S.C. 1094a(b)(3)(B)).

(M) Section 498B(d)(1) (20 U.S.C. 1099c–2(d)(1)).

(N) Section 498B(d)(2) (20 U.S.C. 1099c–2(d)(2)).

(2) The following provisions are each amended by striking "Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate" and inserting "authorizing committees":

(A) Section 141(d)(4)(B) (20 U.S.C. 1018(d)(4)(B)).

(B) Section 428(n)(4) (20 U.S.C. 1078(n)(4)).

(C) Section 437(c)(1) (20 U.S.C. 1087(c)(1)).

(D) Section 485(f)(5)(A) (20 U.S.C. 1092(f)(5)(A)).

(E) Section 485(g)(4)(B) (20 U.S.C. 1092(g)(4)(B)).

(3) Section 401(f)(3) (20 U.S.C. 1070a(f)(3)) is amended by striking "Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Education and the Workforce of the House of Representatives" and inserting "Committees on Appropriations of the Senate and House of Representatives and the authorizing committees".

(4) Section 428(c)(9)(K) (20 U.S.C. 1078(c)(9)(K)) is amended by striking "House Committee on Education and the Workforce and the Senate Committee on Labor and Human Resources" and inserting "authorizing committees".

(5) Section 432(f)(1)(C) (20 U.S.C. 1082(f)(1)(C)) is amended by striking "Committee on Education and the Workforce of the House of Representatives or the Committee on Labor and Human Resources of the Senate" and inserting "either of the authorizing committees".

(6) Section 439(d)(1)(E)(iii) (20 U.S.C. 1087–2(d)(1)(E)(iii)) is amended by striking "Chairman and the Ranking Member on the Committee on Labor and Human Resources of the Senate and the Chairman and the Ranking Member of the Committee on Education and Labor of the House of Representatives" and inserting "chairpersons and ranking minority members of the authorizing committees".

(7) Paragraphs (3) and (8)(C) of section 439(r) (20 U.S.C. 1087–2(r)) are each amended by striking "Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives," and inserting "chairpersons and ranking minority members of the authorizing committees".

(8) Paragraphs (5)(B) and (10) of section 439(r) (20 U.S.C. 1087–2(r)) are each amended by striking "Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor" and inserting "chairpersons and ranking minority members of the authorizing committees".

(9) Section 439(r)(6)(B) (20 U.S.C. 1087–2(r)(6)(B)) is amended by striking "Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives" and inserting "chairpersons and ranking minority members of the authorizing committees".

(10) Section 439(s)(2)(A) (20 U.S.C. 1087–2(s)(2)(A)) is amended by striking "Chairman and Ranking Member of the Committee on Labor and Human Resources of the Senate and the Chairman and Ranking Member of the Committee on Economic and Educational Opportunities of the House of Representatives" and inserting "chairpersons and ranking minority members of the authorizing committees".

(11) Section 439(s)(2)(B) (20 U.S.C. 1087–2(s)(2)(B)) is amended by striking "Chairman and Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and Chairman and Ranking Minority Member of the Committee on Economic and Educational Opportunities of the House of Representatives" and inserting "chairpersons and ranking minority members of the authorizing committees".

(12) Section 482(d) (20 U.S.C. 1089(d)) is amended by striking "Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives" and inserting "authorizing committees".

(c) ADDITIONAL CLERICAL AMENDMENTS.—

(1) Clauses (i) and (ii) of section 425(a)(2)(A) (20 U.S.C. 1075(a)(2)(A)) are each amended by striking "428A or 428B" and inserting "428B or 428H".

(2) Section 428(a)(2)(E) (20 U.S.C. 1078(a)(2)(E)) is amended by striking "428A or".

(3) Clauses (i) and (ii) of section 428(b)(1)(B) (20 U.S.C. 1078(b)(1)(B)) are each amended by striking "428A or 428B" and inserting "428B or 428H".

(4) Section 428(b)(1)(Q) (20 U.S.C. 1078(b)(1)(Q)) is amended by striking "sections 428A and 428B" and inserting "section 428B or 428H".

(5) Section 428(b)(7)(C) (20 U.S.C. 1078(b)(7)(C)) is amended by striking "428A, 428B," and inserting "428B".

(6) Section 428G(c)(2) (20 U.S.C. 1078–7(c)(2)) is amended by striking "428A" and inserting "428H".

(7) The heading for section 433(e) (20 U.S.C. 1083(e)) is amended by striking "SLS LOANS AND".

(8) Section 433(e) (20 U.S.C. 1083(e)) is amended by striking "428A, 428B," and inserting "428B".

(9) Section 435(a)(3) (20 U.S.C. 1085(a)(3)) is amended—

(A) by inserting "or" at the end of subparagraph (A);

(B) by striking subparagraph (B); and

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

(10) Section 435(d)(1)(G) (20 U.S.C. 1085(d)(1)(G)) is amended by striking "428A(d), 428B(d), 428C," and inserting "428B(d), 428C, 428H,".

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

(A) in paragraph (1)(A), by striking ", 428A,"; and

(B) in paragraph (2)(D), by striking "428A" each place it appears and inserting "428H".

(12) Section 438(b)(2)(D)(ii) (20 U.S.C. 1087–1(b)(2)(D)(ii)) is amended by striking "division (i) of this subparagraph" and inserting "clause (i) of this subparagraph".

(13) Section 438(c)(6) (20 U.S.C. 1087–1(c)(6)) is amended—

(A) by striking "SLS AND PLUS" in the heading and inserting "PLUS"; and

(B) by striking "428A or".

(14) Section 438(c)(7) (20 U.S.C. 1087–1(c)(7)) is amended by striking "428A or".

(15) Nothing in the amendments made by this subsection shall be construed to alter the terms, conditions, and benefits applicable to Federal supplemental loans for students ("SLS loans") under section 428A as in effect prior to July 1, 1994 (20 U.S.C. 1078–1).

TITLE IX—AMENDMENTS TO OTHER EDUCATION LAWS

PART A—EDUCATION OF THE DEAF ACT OF 1986

SEC. 901. LAURENT CLERC NATIONAL DEAF EDUCATION CENTER.

(a) GENERAL AUTHORITY.—Section 104(a)(1)(A) of the Education of the Deaf Act of 1986 (20 U.S.C. 4304(a)(1)(A)) is amended by inserting after "maintain and operate" the following: ", at the Laurent Clerc National Deaf Education Center,".

(b) ADMINISTRATIVE REQUIREMENTS.—

(1) IN GENERAL.—Section 104(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4304(b)) is amended—

(A) in the matter preceding subparagraph (A) of paragraph (1), by striking "elementary and secondary education programs" and inserting "Laurent Clerc National Deaf Education Center"; and

(B) in paragraph (2), by striking "elementary and secondary education programs" and inserting "Laurent Clerc National Deaf Education Center".

(2) ACADEMIC CONTENT STANDARDS, ACHIEVEMENT STANDARDS, AND ASSESSMENTS.—Section 104(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4304(b)) is amended by adding at the end the following new paragraph:

"(5) The University, in consultation with the Secretary and consistent with the mission of the elementary and secondary programs operated at the Laurent Clerc National Deaf Education Center, shall—

"(A) not later than the beginning of the 2007–2008 school year, adopt and implement academic content standards, academic achievement standards, and academic assessments as described in paragraphs (1) and (3) of section 1111(b) of the Elementary and Secondary Education Act of 1965 for such Center;

"(B) develop adequate yearly progress standards for such Center as described in section 1111(b)(2)(C) of such Act; and

"(C) publicly report the results of such assessments, except in such case in which such reporting would not yield statistically reliable information or would reveal personally identifiable information about an individual student.".

SEC. 902. AUTHORITY.

Section 111 of the Education of the Deaf Act of 1986 (20 U.S.C. 4331) is amended by striking "the institution of higher education with which the Secretary has an agreement under this part" and inserting "the Rochester Institute of Technology".

SEC. 903. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) GENERAL AUTHORITY.—Section 112(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended—

(1) in paragraph (1)—

(A) in the first sentence—

(i) by striking "an institution of higher education" and inserting "the Rochester Institute of Technology, Rochester, New York,"; and

(ii) by striking "of a" and inserting "of the"; and

(B) by striking the second sentence; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "the institution of higher education with which the Secretary has an agreement under this section" and inserting "the Rochester Institute of Technology"; and

(B) in subparagraph (B), by striking "the institution" and inserting "the Rochester Institute of Technology".

(b) PROVISIONS OF AGREEMENT.—Section 112(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(b)) is amended—

(1) in paragraph (2), by striking "or other governing body of the institution" and inserting "of the Rochester Institute of Technology"; and

(2) in paragraph (3)—

(A) by striking "or other governing body of the institution" and inserting "of the Rochester Institute of Technology";

(B) by striking "the institution of higher education under the agreement with the Secretary" and inserting "the Rochester Institute of Technology by the National Technical Institute for the Deaf"; and

(C) by striking "Committee on Education and Labor of the House of Representatives and to the Committee on Labor and Human Resources of the Senate" and inserting "Committee on Education and the Workforce of the House of Representatives and to the Committee on Health, Education, Labor, and Pensions of the Senate".

(c) LIMITATION.—Section 112(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(c)) is amended in paragraphs (1) and (2) by striking "institution" each place it appears and inserting "Rochester Institute of Technology".

SEC. 904. DEFINITIONS.

Section 201 of the Education of the Deaf Act of 1986 (20 U.S.C. 4351) is amended—

(1) by striking paragraph (3);

(2) by redesignating paragraphs (4) through (7) as paragraphs (3) through (6), respectively; and

(3) by adding at the end the following new paragraph:

"(7) The term 'RIT' means the Rochester Institute of Technology.".

SEC. 905. AUDIT.

(a) GOVERNMENT ACCOUNTABILITY OFFICE AUTHORITY.—Section 203(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(a)) is amended—

(1) in the heading, by striking "GENERAL ACCOUNTING OFFICE" and inserting "GOVERNMENT ACCOUNTABILITY OFFICE"; and

(2) in the matter following paragraph (2), by striking "General Accounting Office" and inserting "Government Accountability Office".

(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—Section 203(b)(1) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(b)(1)) is amended by striking the second sentence and inserting the following: "NTID shall have an annual independent financial and compliance audit made of RIT programs and activities, including NTID programs and activities.".

(c) COMPLIANCE.—Section 203(b)(2) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(b)(2)) is amended by striking "sections" and all that follows through "section 207" and inserting "sections 102(b), 105(b)(4), 112(b)(5), 203(c), 207(b)(2), subsections (c) through (f) of section 207".

(d) SUBMISSION OF AUDITS.—Section 203(b)(3) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(b)(3)) is amended—

(1) by inserting after "Secretary" the following: "and the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate"; and

(2) by striking "or the institution authorized to establish and operate the NTID under section 112(a)" and inserting "or RIT".

(e) LIMITATIONS REGARDING EXPENDITURE OF FUNDS.—Section 203(c)(2)(A) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(c)(2)(A)) is amended in the fifth sentence by striking "the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate" and inserting "the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate".

SEC. 906. REPORTS.

(a) TECHNICAL AMENDMENTS.—Section 204 of the Education of the Deaf Act of 1986 (20 U.S.C. 4354) is amended in the matter preceding paragraph (1)—

(1) by striking "or other governing body of the institution of higher education with which the Secretary has an agreement under section 112" and inserting "of RIT"; and

(2) by striking "Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate" and inserting "Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate".

(b) CONTENTS OF REPORT.—Section 204 of the Education of the Deaf Act of 1986 (20 U.S.C. 4354) is amended—

(1) in paragraph (2)(C), by striking "upon graduation/completion" and inserting "within one year of graduation/completion"; and

(2) in paragraph (3)(B), by striking "of the institution of higher education with which the Secretary has an agreement under section 112, including specific schedules and analyses for all NTID funds, as required under section 203" and inserting "of RIT programs and activities".

SEC. 907. LIAISON FOR EDUCATIONAL PROGRAMS.

Section 206(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4356(a)) is amended by striking "Not later than 30 days after the date of enactment of this Act, the" and inserting "The".

SEC. 908. FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

Section 207(a)(2) of the Education of the Deaf Act of 1986 (20 U.S.C. 4357(a)(2)) is amended by striking "or other governing body of the institution of higher education with which the Secretary has an agreement under section 112" and inserting "of RIT".

SEC. 909. OVERSIGHT AND EFFECT OF AGREEMENTS.

Section 208(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4359(a)) is amended—

(1) by striking "the institution of higher education with which the Secretary has an agreement under part B of title I" and inserting "RIT"; and

(2) by striking "Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives" and inserting "Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate".

SEC. 910. AUTHORIZATION OF APPROPRIATIONS.

(a) MONITORING AND EVALUATION ACTIVITIES.—Section 205(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4355(c)) is amended by striking "fiscal years 1998 through 2003" and inserting "fiscal years 2006 through 2011".

(b) FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—Section 207(h) of the Education of the Deaf Act of 1986 (20 U.S.C. 4357(h)) is amended in paragraphs (1) and (2) by striking "fiscal years 1998 through 2003" each place it appears and inserting "fiscal years 2006 through 2011".

(c) GENERAL AUTHORIZATION OF APPROPRIATIONS.—Section 212 of the Education of the Deaf Act of 1986 (20 U.S.C. 4360a) is amended—

(1) in the matter preceding paragraph (1) in subsection (a), by striking "fiscal years 1998 through 2003" and inserting "fiscal years 2006 through 2011"; and

(2) in subsection (b), by striking "fiscal years 1998 through 2003" and inserting "fiscal years 2006 through 2011".

(d) SHORT TITLE.—

(1) IN GENERAL.—The Education of the Deaf Act of 1986 (20 U.S.C. 4301 note) is amended by striking the matter preceding title I and inserting the following:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Gallaudet University and National Technical Institute for the Deaf Act'.".

(2) OTHER REFERENCES.— Any reference in a law, regulation, document, or other record of the United States to the Education of the Deaf Act of 1986 shall be deemed to be a reference to the Gallaudet University and National Technical Institute for the Deaf Act.

PART B—ADDITIONAL EDUCATION LAWS

SEC. 921. CANCELLATION OF STUDENT LOAN INDEBTEDNESS FOR SURVIVORS OF VICTIMS OF THE SEPTEMBER 11, 2001, ATTACKS.

(a) DEFINITIONS.—For purposes of this section:

(1) ELIGIBLE PUBLIC SERVANT.—The term "eligible public sesrvant" means an individual who, as determined in accordance with regulations of the Secretary—

(A) served as a police officer, firefighter, other safety or rescue personnel, or as a member of the Armed Forces; and

(B) died (or dies) or became (or becomes) permanently and totally disabled due to injuries suffered in the terrorist attack on September 11, 2001.

(2) ELIGIBLE VICTIM.—The term "eligible victim" means an individual who, as determined in accordance with regulations of the Secretary, died (or dies) or became (or becomes) permanently and totally disabled due to injuries suffered in the terrorist attack on September 11, 2001.

(3) ELIGIBLE PARENT.—The term "eligible parent" means the parent of an eligible victim if—

(A) the parent owes a Federal student loan that is a consolidation loan that was used to repay a PLUS loan incurred on behalf of such eligible victim; or

(B) the parent owes a Federal student loan that is a PLUS loan incurred on behalf of an eligible victim.

(4) SECRETARY.—The term "Secretary" means the Secretary of Education.

(5) FEDERAL STUDENT LOAN.—The term "Federal student loan" means any loan made, insured, or guaranteed under part B, D, or E of title IV of the Higher Education Act of 1965.

(b) RELIEF FROM INDEBTEDNESS.—

(1) IN GENERAL.—The Secretary shall provide for the discharge or cancellation of—

(A) the Federal student loan indebtedness of the spouse of an eligible public servant, as determined in accordance with regulations of the Secretary, including any consolidation loan that was used jointly by the eligible public servant and his or her spouse to repay the Federal student loans of the spouse and the eligible public servant;

(B) the portion incurred on behalf of the eligible victim (other than an eligible public servant), of a Federal student loan that is a consolidation loan that was used jointly by the eligible victim and his or her spouse, as determined in accordance with regulations of the Secretary, to repay the Federal student loans of the eligible victim and his or her spouse;

(C) the portion of the consolidation loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim; and

(D) the PLUS loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim.

(2) METHOD OF DISCHARGE OR CANCELLATION.—A loan required to be discharged or canceled under paragraph (1) shall be discharged or canceled by the method used under section 437(a), 455(a)(1), or 464(c)(1)(F) of the Higher Education Act of 1965 (20 U.S.C. 1087(a), 1087e(a)(1), 1087dd(c)(1)(F)), whichever is applicable to such loan.

(c) FACILITATION OF CLAIMS.—The Secretary shall—

(1) establish procedures for the filing of applications for discharge or cancellation under this section by regulations that shall be prescribed and published within 90 days after the date of enactment of this Act and without regard to the requirements of section 553 of title 5, United States Code; and

(2) take such actions as may be necessary to publicize the availability of discharge or cancellation of Federal student loan indebtedness under this section.

(d) AVAILABILITY OF FUNDS FOR PAYMENTS.—Funds available for the purposes of making payments to lenders in accordance with section 437(a) for the discharge of indebtedness of deceased or disabled individuals shall be available for making payments under section 437(a) to lenders of loans as required by this section.

(e) APPLICABLE TO OUTSTANDING DEBT.—The provisions of this section shall be applied to discharge or cancel only Federal student loans (including consolidation loans) on which amounts were owed on September 11, 2001. Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

SEC. 922. AMENDMENT TO HIGHER EDUCATION AMENDMENTS OF 1998.

(a) REPEALS OF EXPIRED AND EXECUTED PROVISIONS.—The following provisions of the Higher Education Amendments of 1998 are repealed:

(1) STUDY OF MARKET MECHANISMS IN FEDERAL STUDENT LOAN PROGRAMS.—Section 801 (20 U.S.C. 1018 note).

(2) STUDY OF FEASIBILITY OF ALTERNATE FINANCIAL INSTRUMENTS FOR DETERMINING LENDER YIELDS.—Section 802.

(3) STUDENT RELATED DEBT STUDY.—Section 803 (20 U.S.C. 1015 note).

(4) STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETIC PROGRAMS.—Section 805 (20 U.S.C. 1001 note).

(5) COMMUNITY SCHOLARSHIP MOBILIZATION.—Part C of title VIII (20 U.S.C. 1070 note).

(6) INCARCERATED YOUTH.—Part D of title VIII (20 U.S.C. 1151).

(7) IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.—Part F of title VIII (42 U.S.C. 1862 note).

(8) WEB-BASED EDUCATION COMMISSION.—Part J of title VIII.

(b) EXTENSIONS OF AUTHORIZATIONS AND STUDIES.—

(1) TRANSFER OF CREDIT.—Section 804(b) of such Act (20 U.S.C. 1099b note) is amended—

(A) by striking "one year after the date of enactment of this Act" and inserting "September 30, 2007"; and

(B) by inserting "and policies of institutions of higher education" after "agencies or associations".

(2) COHORT DEFAULT RATE STUDY.—Section 806 of such Act is amended—

(A) in subsection (a), by striking "higher education at which less" and inserting "higher education. The study shall also review the effect of cohort default rates specifically on institutions of higher education at which less"; and

(B) in subsection (c), by striking "September 30, 1999," and inserting "September 30, 2007,".

(3) VIOLENCE AGAINST WOMEN.—Section 826 of such Act (20 U.S.C. 1152) is amended—

(A) in subsection (g), by striking "for each of the fiscal years 2001 through 2005" and inserting "fiscal year 2006 and each of the 5 succeeding fiscal years"; and

(B) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(4) UNDERGROUND RAILROAD.—Subsection (c) of section 841 (20 U.S.C. 1153(c)) is amended to read as follows:

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $3,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.".

(c) DISBURSEMENT OF STUDENT LOANS.—Section 422(d) of the Higher Education Amendments of 1998 (Public Law 105–244; 112 Stat. 1696) is amended by adding at the end the following new sentence: "Such amendments shall also be effective on and after July 1, 2006.".

SEC. 923. TRIBALLY CONTROLLED COLLEGE OR UNIVERSITY ASSISTANCE ACT OF 1978.

(a) TITLE I AUTHORIZATION.—Section 110(a) of the Tribally Controlled Community College or University Assistance Act of 1978 (25 U.S.C. 1810(a)) is amended—

(1) by striking "1999" each place it appears and inserting "2006"; and

(2) by striking "4 succeeding" each place it appears and inserting "5 succeeding".

(b) TITLE III REAUTHORIZATION.—Section 306(a) of the Tribally Controlled Community College or University Assistance Act of 1978 (25 U.S.C. 1836(a)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

(c) TITLE IV REAUTHORIZATION.—Section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990 (25 U.S.C. 1852) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

(d) ADDITIONAL AMENDMENTS.—The Tribally Controlled Community College or University Assistance Act of 1978 is further amended—

(1) in section 2(a)(6) (25 U.S.C. 1801(a)(6)), by striking "in the field of Indian education" and inserting "in the field of Tribal Colleges and Universities and Indian higher education";

(2) in section 2(b), by striking paragraph (5) and inserting the following:

"(5) Eligible credits earned in a continuing education program shall be determined as one credit for every 10 contact hours for institutions on a quarter system, and 15 contact hours for institutions on a semester system, of participation in an organized continuing education experience under responsible sponsorship, capable direction, and qualified instruction, as described in the criteria established by the International Association for Continuing Education and Training, and may not exceed 20 percent of an institution's total Indian student count."; and

(3) in section 103 (25 U.S.C. 1804), by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting "; and", and by inserting after paragraph (3) the following new paragraph:

"(4) has been accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered, or is, according to such an agency or association, making reasonable progress toward accreditation.".

SEC. 924. NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c–1(a)(1)) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 925. EDUCATION AMENDMENTS OF 1992.

Section 1543(d) of the Education Amendments of 1992 (20 U.S.C. 1070 note) is amended—

(1) by striking "1999" and inserting "2006"; and

(2) by striking "4 succeeding" and inserting "5 succeeding".

SEC. 926. STUDY OF STUDENT LEARNING OUTCOMES AND PUBLIC ACCOUNTABILITY.

(a) STUDY REQUIRED.—The Secretary shall provide for the conduct a study of the best practices of States in assessing undergraduate postsecondary student learning, particularly as such practices relate to public accountability systems.

(b) CHARACTERISTICS OF THE ASSOCIATION.—Such study shall be conducted by an association or organization with specific expertise and knowledge in state practices and access to necessary state officials (in this section referred to as the "association"). The association responsible for the study under this section shall be a national, non-partisan or bi-partisan entity representing States or State officials with expertise in evaluative and qualitative policy research for best practice models, the capacity to convene experts, and to formulate policy recommendations.

(c) REQUIRED SUBJECTS OF STUDY.—In performing the study, the association shall, at a minimum, examine the following:

(1) The current status of institutional and state efforts to embed student learning assessments into the state-level public accountability frameworks.

(2) The extent to which there is commonality among educators and accrediting agencies on learning standards for the associates and bachelors degrees.

(3) The reliability, rigor, and generalizability of available instruments to assess general education at the undergraduate level.

(4) Roles and responsibilities for public accountability for student learning.

(d) CONSULTATION.—

(1) NATIONAL COMMITTEE.—The association shall establish and consult with a national committee. The committee shall meet not less than twice a year to review the research, identify best practice models, and review recommendations.

(2) MEMBERSHIP.—The national advisory committee shall consist of a representative of the Secretary of Education and individuals with expertise in—

(A) State accountability systems;

(B) student learning assessments;

(C) student flow data;

(D) transitions between K–12 and higher education; and

(E) Federal higher education policy.

(3) ADDITIONAL EXPERTISE.—The association may augment this committee with other expertise, as appropriate.

(e) CONGRESSIONAL CONSULTATION.—The association shall consult on a regular basis with the Committee on Education and the Workforce of the House of Representatives and the Committee on Health Education Labor and Pensions of the Senate in carrying out the study required by this section.

(f) REPORT.—The association shall, not later than two years after the date of enactment of this Act, prepare and submit a report on the study required by this section to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

SEC. 927. STUDY OF MINORITY GRADUATION RATES.

(a) STUDY REQUIRED.—The Secretary of Education shall—

(1) commission a national study on the decreasing numbers of underrepresented minority males, particularly African American males, entering and graduating from colleges and universities; and

(2) make specific recommendations to the Congress on new approaches to increase minority male graduation rates and the number of minority males going into careers where the population is underrepresented.

(b) SUBMISSION OF REPORT.—Not later than one year after the date of the enactment this Act, the Secretary shall submit a report on the study required by subsection (a)(1), together with the recommendations required by subsection (a)(2), to the Committee on Health, Education, Labor and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives.

SEC. 928. STUDY OF EDUCATION-RELATED INDEBTEDNESS OF MEDICAL SCHOOL GRADUATES.

(a) STUDY REQUIRED.—The Secretary of Education shall conduct a study to evaluate the higher education-related indebtedness of medical school graduates in the United States at the time of graduation.

(b) DEADLINE.—Not later than one year after the date of enactment of this Act, the Secretary shall submit a report on the study required by subsection (a) to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate, and shall make the report widely available to the public. Additional reports may be periodically prepared and released as necessary.

SEC. 929. STUDY OF ADULT LEARNERS.

The Secretary of Education shall conduct a study of the developing trends in older adult learners attending college and how institutions of higher education are ad-

dressing the needs of this specific population in terms of outreach, accessibility, financing, and student support services, including online education. The Secretary shall submit a report on the study to the Committee on Education and the Workforce of the House of Representatives that includes recommendations on measures the Federal Government can take to address the needs in regards to education and job training for the aging population and the changing demographics of our country.

SEC. 930. INCREASE IN COLLEGE TEXTBOOK PRICES.

(a) FINDINGS.—The Committee on Education and the Workforce of the House of Representatives makes the following findings:

(1) The rising costs of higher education are making a postsecondary education inaccessible for many individuals.

(2) The rise in college textbook pricing contributes to the overall costs of higher education, and many factors have contributed to the rise in textbook pricing.

(b) SENSE OF THE COMMITTEE ON EDUCATION AND THE WORKFORCE.—It is the sense of the Committee on Education and the Workforce of the House of Representatives that in order to make a higher education more accessible for all students, the following should occur to make college textbooks more affordable for students:

(1) The Congress encourages textbook publishers to provide students with the option of buying materials such as textbooks, CD-ROMs, access to websites, and workbooks, "a la carte" or "unbundled".

(2) Textbook publishers should work with faculty to understand the cost to students of purchasing the recommended textbooks.

(3) College bookstores should work with faculty to review timelines and processes for ordering and stocking selected textbooks, and disclose textbook costs to faculty and students.

(4) Colleges and universities should be encouraged to implement numerous options to address textbook affordability.

PURPOSE

H.R. 609, the College Access and Opportunity Act, reauthorizes the Higher Education Act of 1965 by expanding college access for low- and middle-income students. The bill reauthorizes the teacher training programs, student aid programs, programs that assist minority serving institutions, graduate study programs, international and foreign language programs, and various provisions that support and enhance student access and institutional accountability. The bill includes comprehensive reforms that prioritize student access and strengthen accountability to empower students and parents, the consumers of higher education.

COMMITTEE ACTION

On May 24, 2001, the Chairman of the Education and the Workforce Committee and the Chairman of the Subcommittee on 21st Century Competitiveness, along with the Ranking Members, invited interested parties to provide the Committee with proposals, suggestions and ideas for improvements to the expiring Higher Education Act. The initiative was called "Upping the Effectiveness of Our Federal Student Aid Programs (FED UP)." As part of the Committee's successful "FED UP" project, an email address and web site were developed to allow individuals, organizations, higher education institutions, lenders and citizens to contact the Committee with ease and efficiency. The Committee considered over 3,000 submissions from individuals and more than 100 organizations on this initiative, as part of the reauthorization process.

The Committee on Education and the Workforce and the Subcommittees on 21st Century Competitiveness and Select Education held a total of 35 hearings in Washington, D.C. and across the country, as well as a series of site visits to many institutions of

higher education in preparation for and as part of the reauthorization of the Higher Education Act.

107TH CONGRESS

Hearings—First session

On Monday, April 23, 2001, the Committee on Education and the Workforce, Subcommittee on Select Education, held a field hearing in Oklahoma City, Oklahoma, on "Responding to the Needs of Historically Black Colleges and Universities in the 21st Century." The purpose of the hearing was to examine the unique role of Historically Black Colleges and Universities (HBCUs) and their role in the higher education system. Testifying before the Subcommittee were Dr. Ernest L. Holloway, President, Langston University, Langston, Oklahoma; Dr. Henry Ponder, Chief Executive Officer and President, National Association for Equal Opportunity in Higher Education, Silver Spring, Maryland; Dr. Trudie Kibbe Reed, President, Philander Smith College, Little Rock, Arkansas; Dr. Lawrence A. Davis, Jr., Chancellor, University of Arkansas at Pine Bluff, Pine Bluff, Arkansas; and Dr. Joseph Simmons, Executive Vice President, Lincoln University, Jefferson City, Missouri.

On Wednesday, June 20, 2001, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "H.R. 1992, the Internet Equity and Education Act of 2001." The purpose of the hearing was to hear testimony on the provisions in H.R. 1992 introduced by Representative Johnny Isakson (R–GA) on May 24, 2001. Testifying before the Subcommittee were Dr. Stanley Ikenberry, President, American Council on Education, Washington, D.C.; Dr. Richard Gowan, President, South Dakota School of Mines and Technology, Rapid City, South Dakota; Dr. Joseph DiGregorio, Vice Provost for Distance Learning, Continuing Education and Outreach, Georgia Institute of Technology, Atlanta, Georgia; Ms. Lorraine Lewis, Inspector General, U.S. Department of Education, Washington, D.C.; and Mr. Omer Waddles, Executive Vice President, ITT Educational Services, Inc., Indianapolis, Indiana.

On Monday, July 16, 2001, the Committee on Education and the Workforce, Subcommittee on Select Education, held a field hearing in Wilberforce, Ohio, on "Responding to the Needs of Historically Black Colleges and Universities in the 21st Century." The purpose of the hearing was to examine the unique role of Historically Black Colleges and Universities (HBCUs) and their role in the higher education system. Testifying before the Subcommittee were Dr. John L. Henderson, President, Wilberforce University, Wilberforce, Ohio; Dr. John W. Garland, President, Central State University, Wilberforce, Ohio; Dr. W. Clinton Pettus, President, Cheyney University of Pennsylvania, Cheyney, Pennsylvania; and Dr. Marjorie Harris, President, Lewis College of Business, Detroit, Michigan.

On Wednesday, October 31, 2001, the Committee on Education and the Workforce, Subcommittees on 21st Century Competitiveness and Select Education, jointly held a hearing in Washington, D.C., on "Tracking International Students in Higher Education—Policy Options and Implications for Students." The purpose of the hearing was to examine the issues related to international students and their attendance at U.S. institutions of higher education. Testi-

fying before the Subcommittees on the first panel were Ms. Mary Ryan, Assistant Secretary of State for Consular Affairs, U.S. Department of State, Washington, D.C.; and Mr. Michael Becraft, Acting Deputy Commissioner, Immigration and Naturalization Service, Washington, D.C. Testifying before the Subcommittees on the second panel were Dr. David Ward, President, American Council on Education, Washington, D.C.; Dr. Gail Short Hanson, Vice President of Student Services, American University, Washington D.C.; and Ms. Julia Beatty, President, United States Student Association, Washington, D.C.

Second session

On Wednesday, February 13, 2002, the Committee on Education and the Workforce, Subcommittees on 21st Century Competitiveness and Select Education, jointly held a hearing in Washington, D.C., on "Responding to the Needs of Historically Black Colleges and Universities in the 21st Century." The purpose of the hearing was to examine the unique role played by Historically Black Colleges and Universities (HBCUs) and to examine the unique issues these institutions face. Testifying before the Subcommittees were Dr. William B. DeLauder, President, Delaware State University, Dover, Delaware; Dr. Frederick S. Humphries, Chief Executive Officer and President, National Association for Equal Opportunity in Higher Education, Silver Spring, Maryland; Dr. Shirley A.R. Lewis, President, Paine College, Augusta, Georgia; and Mr. Christopher Elders, student and Rhodes Scholar, Morehouse College, Atlanta, Georgia.

On Tuesday, July 16, 2002, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "Access to Higher Education for Low-Income Students: A Review of the Advisory Committee on Student Financial Assistance Report." The purpose of the hearing was to consider the issue of access to postsecondary education, specifically for low-income students, by examining two reports released by the Advisory Committee on Student Financial Assistance, entitled Empty Promises—The Myth of College Access in America (July 2002) and Access Denied (February 2001). Testifying before the Committee were Dr. Juliet Garcia, Chairperson, Advisory Committee on Student Financial Assistance, Washington, D.C.; Mr. Lawrence E. Gladieux, Education and Public Policy Consultant, Potomac Falls, Virginia; Dr. Shirley A.R. Lewis, President, Paine College, Augusta, Georgia; and Ms. Elizabeth Sengkhammee, student, University of Wisconsin-Milwaukee, Milwaukee, Wisconsin.

On Thursday, September 19, 2002, the Committee on Education and the Workforce, Subcommittees on 21st Century Competitiveness and Select Education held a joint hearing in Washington, D.C., on "Responding to the Needs of Historically Black Colleges and Universities in the 21st Century." The purpose of the hearing was to continue efforts to learn about the unique role that Historically Black Colleges and Universities (HBCUs) play in providing postsecondary education to students. Testifying before the Subcommittees were Dr. Michael L. Lomax, President, Dillard University, New Orleans, Louisiana; Dr. Marie McDemmond, President, Norfolk State University, Norfolk, Virginia; Dr. Willis B. McLeod, Chancellor, Fayetteville State University, Fayetteville, North Caro-

lina; Dr. Elson S. Floyd, President, Western Michigan State University, Kalamazoo, Michigan; and Mr. Steve Stephens, II, President, Student Governing Association, Langston University, Langston, Oklahoma.

On Tuesday, September 24, 2002, the Committee on Education and the Workforce, Subcommittees on 21st Century Competitiveness and Select Education held a joint hearing in Washington, D.C., on "Homeland Security: Tracking International Students in Higher Education—Progress & Issues Since 9–11." The purpose of the hearing was to learn about the implementation of the Student Exchange and Visitor Information System (SEVIS); the issues still outstanding in having SEVIS fully operational; and the interaction between institutions of higher education, the Immigration and Naturalization Service (INS) and the U.S. Department of State. Testifying before the Subcommittees were Mr. Glenn A. Fine, Inspector General, U.S. Department of Justice, Washington, D.C.; Ms. Janis Sposato, Assistant Deputy Executive, Associate Commissioner for Immigration Services Division, Immigration and Naturalization Service, Washington, D.C.; Mr. Stephen A. Edson, Acting Managing Director, Directorate of Visa Services, Bureau of Consular Affairs, U.S. Department of State, Washington, D.C.; and Dr. David Ward, President, American Council on Education, Washington, D.C.

On Tuesday, October 1, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness held a hearing in Washington, D.C., on "Assuring Quality and Accountability in Postsecondary Education: Assessing the Role of Accreditation." The purpose of the hearing was to learn more about the accreditation process, how regional and national accreditors interact, and the specific roles and responsibilities of accrediting agencies. Testifying before the Subcommittee were Dr. Judith S. Eaton, President, Council for Higher Education Accreditation, Washington, D.C.; Dr. Charles M. Cook, Director, Commission of Institutions of Higher Education, New England Association of Schools and Colleges, Bedford, Massachusetts; Dr. Laura Palmer Noone, President, University of Phoenix, Phoenix, Arizona; the Honorable Hank Brown, President and Chief Executive Officer, Daniels Fund, Greeley, Colorado; and Dr. Linwood Rose, President, James Madison University, Harrisonburg, Virginia.

On Thursday, October 3, 2002, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "The Rising Price of a Quality Postsecondary Education: Fact or Fiction?" The purpose of this hearing was to examine the effects that increasing costs of a postsecondary education have on students and families. Testifying before the Committee were Dr. Robert A. Corrigan, President, San Francisco State University, San Francisco, California; Dr. Richard M. Freeland, President, Northeastern University, Boston, Massachusetts; Dr. C.D. Mote, Jr., Professor of Engineering (testifying on behalf of Dr. William Kirwan, President, University of Maryland), Glenn L. Martin Institute, College Park, Maryland; and Dr. Gordon Winston, Economics Professor, Williams College, Williamstown, Massachusetts.

On Wednesday, October 9, 2002, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness held a hearing in Washington, D.C., on "Training Tomorrow's Teachers: Ensuring a Quality Postsecondary Education." The pur-

pose of the hearing was to examine the effectiveness of the competitive grant programs authorized under title II of the Higher Education Act and also to examine the accountability provisions for teacher preparation programs under the Act. Testifying before the Subcommittee were Ms. Cornelia M. Ashby, Director of Education, Workforce and Income Security Issues, U.S. Government Accountability Office, Washington, D.C.; Mr. Wendell Cave, Division of Testing, Research and Internship, Education Professional Standards Board, Frankfort, Kentucky; Mr. Steven Brandick, Director of the Career Ladder Office, Los Angeles Unified School District, Los Angeles, California; Mr. Kurt Landgraf, President & Chief Executive Officer, Educational Testing Service, Princeton, New Jersey; and Dr. Allen Mori, Dean of the Charter College of Education, California State University, Los Angeles, California.

Legislative action—First session

On May 24, 2001, Representatives Johnny Isakson (R–GA), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Mike Castle (R–DE), and Bob Goodlatte (R–VA) introduced H.R. 1992, the Internet Equity and Education Act of 2001, to amend the Higher Education Act and repeal the 50 percent rule for telecommunications and make additional reforms regarding distance education.

On June 28, 2001, the Subcommittee on 21st Century Competitiveness considered H.R. 1992 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendments to H.R. 1992:

- Representative Isakson (R–GA) offered a substitute amendment that made technical and clarifying changes to the legislation. Specifically, the amendment clarified provisions dealing with incentive compensation and third-party service providers.
- Representative Wu (D–OR) offered an amendment to require a study and a report on the effect of the provisions enacted by H.R. 1992.

On August 1, 2001, the Committee on Education and the Workforce considered H.R. 1992 in legislative session and reported it favorably, as amended, to the House of Representatives by a vote of 31–10. The Committee considered and adopted by voice vote the following amendments to H.R. 1992:

- Representative Isakson (R–GA) offered a substitute amendment that made technical and clarifying changes to the legislation. Specifically, the amendment made modifications to the 50 percent rule for telecommunications. Additionally, the amendment modified the 12–hour rule to require non-traditional programs that provide less than 12 scheduled hours of instruction to notify the Secretary of Education.
- Representative Miller (D–CA) offered an amendment to authorize the Learning Anytime Anywhere Partnership Grants at $30 million, an increase from the current law authorization of $10 million.

Legislative action—Second session

On July 11, 2002, Representatives Lindsey Graham (R–SC), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Todd Platts

(R–PA), James Greenwood (R–PA), Johnny Isakson (R–GA), Charlie Norwood (R–GA), John Cooksey (R–LA), Sam Graves (R–MO), Van Hilleary (R–TN), Todd Tiahrt (R–KS), Richard Burr (R–NC), Ileana Ros-Lehtinen (R–FL) introduced H.R. 5091, the Canceling Loans to Allow School Systems to Attract Classroom Teachers Act (CLASS ACT), which amended the Higher Education Act to provide discretionary loan forgiveness of up to $17,500 for math, science and special education teachers.

On Thursday, September 5, 2002, the Committee on Education and the Workforce considered H.R. 5091 in legislative session and reported favorably, as amended to the House of Representatives by voice vote. The Committee considered and adopted by voice vote the following amendments to H.R. 5091:

- Representative Graham (R–SC) offered a substitute amendment to make technical and clarifying changes to the legislation.
- Representative Kind (D–WI) offered an amendment to have the Secretary of Education notify local educational agencies eligible to participate in the Small Rural Achievement Program of the benefits provided by the teacher loan forgiveness program within H.R. 5091, and to encourage those agencies to notify their teachers of the program.
- Representative Holt (D–NJ) offered an amendment to set a priority for teacher loan forgiveness for those teachers teaching math or science, or special education teachers.
- Representative Miller (D–CA) offered an amendment to set a priority for teacher loan forgiveness for those teachers employed in local educational agencies that are determined by the State educational agency to have failed to make progress toward annual increases in the employment of highly qualified teachers as required by the Elementary and Secondary Act of 1965, for two consecutive years.
- Representative McCarthy (D–NY) offered an amendment to provide loan forgiveness for spouses of victims who died or became permanently and totally disabled as a result of the terrorist attacks on September 11, 2001. The amendment also provided for forgiveness of the consolidation loan debt of surviving spouses who consolidated their loans together with the victim, as well as parent loans if the child on whose behalf the loan was taken died or become totally and permanently disabled as a result of the September 11th attacks.

108TH CONGRESS

Hearings—First session

On Tuesday, May 13, 2003, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "The State of American Higher Education: What Are Parents, Students and Taxpayers Getting for Their Money?" The purpose of the hearing was to learn what institutions of higher education can and should be doing to assure the American public that the investment in higher education by a student, parent or taxpayer is one that will produce results and assist with lifelong career pursuits. Testifying before the Committee were Mr. Charles Miller, Chairman, University of Texas System, Board of Regents, Houston, Texas; Dr. Frank New-

man, Director, The Futures Project, Brown University, Providence, Rhode Island; and Dr. Mary Ellen Duncan, President, Howard Community College, Columbia, Maryland.

On Tuesday, May 20, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "America's Teacher Colleges: Are They Making the Grade?" The purpose of the hearing was to discuss whether teacher colleges and other teacher preparation programs are producing a competent cadre of teachers. Testifying before the Subcommittee were Mrs. Lisa Graham Keegan, Chief Executive Officer, Education Leaders Council, Washington, D.C.; Ms. Kati Haycock, Director, The Education Trust, Washington, D.C.; Dr. Arthur E. Wise, President, National Council for Accreditation of Teacher Education, Washington, D.C.; Dr. Louanne Kennedy, Provost & Vice President for Academic Affairs, California State University—Northridge, Northridge, California; Dr. Jerry Robbins, Dean, College of Education, Eastern Michigan University, Ypsilanti, Michigan; and Dr. Joyce R. Coppin, Chief Executive, Division of Human Resources, New York City Department of Education, Brooklyn, New York.

On Thursday, June 19, 2003, the Committee on Education and the Workforce, Subcommittee on Select Education, held a hearing in Washington, D.C., on "International Programs in Higher Education and Questions about Bias." The purpose of the hearing was to learn how programs authorized under title VI of the Higher Education Act can provide innovative ways to help bridge the international knowledge gap and also to learn about the merits of, and concern for, Federal support given to some of the international education programs that have been questioned in regard to their teachings. Testifying before the Subcommittee were Dr. Foster Roden, Professor, University of North Texas, College of Business, Denton, Texas; Dr. Stanley Kurtz, Research Fellow, Hoover Institution, Contributing Editor, National Review Online, Washington, D.C.; Dr. Terry Hartle, Senior Vice President, American Council on Education, Washington, D.C.; Ms. Vivian Stewart, Vice President for Education, Asia Society, New York, New York; and Dr. Gilbert W. Merkx, Vice Provost for International Affairs, Duke University, Durham, North Carolina.

On Thursday, July 10, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "Affordability in Higher Education: We Know There's a Problem; What's the Solution?" The purpose of the hearing was to examine the effects of ever-rising college tuition and debate some of the possible solutions to this problem. Testifying before the Subcommittee were Dr. Sandy Baum, Professor, Skidmore College, Saratoga Springs, New York; Mr. Scott Ross, Executive Director, Florida Student Association, Tallahassee, Florida; Dr. Carol Twigg, Executive Director, Center for Academic Transformation, Troy, New York; Dr. Rolf Wegenke, President, Wisconsin Association of Independent Colleges and Universities, Madison, Wisconsin; and Dr. Patrick Kirby, Vice President and Dean of Enrollment Services, Westminster College, Fulton, Missouri.

On Tuesday, July 15, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a

hearing in Washington, D.C., on "Expanding Access to College in America: How the Higher Education Act Can Put College Within Reach." The purpose of this hearing was to examine the college access programs that currently exist at a national, state and local level; to hear recommendations for improvements in these programs; and to learn what provisions in the law may currently prohibit some postsecondary institutions from accessing resources that would enable them to work more closely with various student populations. Testifying before the Subcommittee were Dr. Richard Fonté, President, Austin Community College, Austin, Texas; Ms. Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board, Austin, Texas; Mr. Mark Dreyfus, President, ECPI College of Technology, Virginia Beach, Virginia; Ms. Christina Milano, Executive Director, National College Access Network, Cleveland, Ohio; and Dr. Arnold Mitchem, President, Council for Opportunity in Education, Washington, D.C.

On Tuesday, July 22, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "Consolidation Loans: What's Best for Past Borrowers, Future Students & U.S. Taxpayers?" The purpose of the hearing was to learn how the consolidation loan program fits into the mission of the Higher Education Act by increasing access and affordability to students pursuing postsecondary education, and to learn more about whether the program is fair for all borrowers. The first panel testifying before the Subcommittee included The Honorable Ralph Regula (R–OH), U.S. House of Representatives, Chairman, Subcommittee on Labor, Health and Human Services, and Education, Committee on Appropriations, Washington, D.C., and The Honorable Rosa DeLauro (D–CT), U.S. House of Representatives, Member, Subcommittee on Labor, Health and Human Services, and Education, Committee on Appropriations, Washington, D.C. The second panel testifying before the Subcommittee included Ms. Rebecca Wasserman, Vice President, United States Student Association, Washington, D.C.; Ms. June McCormack, Executive Vice President, Sallie Mae, Fishers, Indiana; Mr. Paul Wozniak, Managing Director and Manager, Education Loan Group, UBS Financial Services, Inc., New York, New York; Dr. Dallas Martin, President, National Association of Student Financial Aid Administrators, Washington, D.C.; and Mr. Barry Morrow, Chief Executive Officer, Collegiate Funding Services, Fredericksburg, Virginia.

On Tuesday, September 9, 2003, the Committee on Education and the Workforce, Subcommittee on Select Education, held a hearing in Washington, D.C., on "Beyond Baccalaureate: Graduate Programs in the Higher Education Act." The purpose of the hearing was to learn about the various graduate programs authorized under title VII of the Higher Education Act and to hear suggestions for the reauthorization of these programs. Testifying before the Subcommittee were Dr. Earl Lewis, Dean of the Graduate School, Rackham School of Graduate Studies, University of Michigan, Ann Arbor, Michigan; Mr. Daniel Hall, Vice President of University Relations, University of Louisville, Louisville, Kentucky; Dr. William B. Allen, Department of Political Science, Michigan State University, East Lansing, Michigan; and Dr. Blandina "Bambi" Cardenas,

Associate Professor and Dean of Education, University of Texas—San Antonio, San Antonio, Texas.

On Thursday, September 11, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "H.R. 3039, the Expanding Opportunities in Higher Education Act of 2003." The purpose of the hearing was to hear testimony regarding the provisions in H.R. 3039, introduced by Representative Tom Cole (R–OK) on September 9, 2003. Testifying before the Subcommittee were Dr. Donald E. Heller, Associate Professor, Center for the Study of Higher Education Policy, The Pennsylvania State University, University Park, Pennsylvania; Dr. Antonio Flores, President and Chief Executive Officer, Hispanic Association of Colleges and Universities, San Antonio, Texas; Mr. George Chin, University Director for Financial Aid, City University of New York, New York, New York; and Mr. David G. Moore, Chairman and Chief Executive Officer, Corinthian Colleges, Inc., Santa Ana, California.

On Tuesday, September 23, 2003, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "The College Cost Crisis Report: Are Institutions Accountable Enough to Students and Parents?" The purpose of the hearing was to examine the findings in the report, to discuss the broad issue of affordability in higher education, and to hear possible solutions on how best to address the problem of increasing college costs. Testifying before the Subcommittee were Dr. Valerie F. Lewis, President, State Higher Education Executive Officers, Denver, Colorado; Dr. F. King Alexander, President, Murray State University, Murray, Kentucky; Mr. Jamie P. Merisotis, President, Institute for Higher Education Policy, Washington, D.C.; and Ms. Jessica Hanson, Student, Florida State University, Tallahassee, Florida.

On Monday, October 6, 2003, the Committee on Education and the Workforce, Subcommittee on Select Education, held a field hearing in Edinburg, Texas, on "Expanding Opportunities in Higher Education: Honoring the Contributions of America's Hispanic Serving Institutions." The purpose of the field hearing was to learn about expanding educational opportunities for students at Hispanic Serving Institutions (HSIs). The first panel to testify before the Subcommittee included Dr. Miguel Nevárez, President, University of Texas—Pan-American, Edinburg, Texas; Dr. Rumaldo Juárez, President, University of Texas A&M—Kingsville, Kingsville, Texas; Dr. John Brockman, President, Coastal Bend Community College, Beeville, Texas. The second panel to testify before the Subcommittee included Dr. Juliet Garcia, President, University of Texas—Brownsville, Brownsville, Texas; Dr. Shirley Reed, President, South Texas Community College, McAllen, Texas; and Ms. Ariana De La Garza, Student Representative, University of Texas—Pan-American, Mission, Texas.

Second session

On Wednesday, March 17, 2004, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "Fiscal Responsibility and Federal Consolidation Loans: Examining Cost Implications for Taxpayers, Students, and Borrowers." The purpose of the hearing was to examine the consolidation loan program and

how student lending issues fit within the broader goal of expanding access to low- and middle-income students pursing a postsecondary education. Testifying before the Committee were Ms. Cornelia M. Ashby, U.S. Government Accountability Office, Director, Education, Workforce and Income Security, Washington, D.C.; Mr. Titus M. Hamlett, Student, University of Maryland, Baltimore, Maryland; Dr. Tom S. Neubig, National Director, Quantitative Economics and Statistics, Ernst and Young LLP, Washington, D.C.; and Dr. Robert Shapiro, Chairman, Sonecon, LLP, and Senior Fellow, Brookings Institution and Progressive Policy Institute, Washington, D.C.

On Wednesday, May 12, 2004, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "H.R. 4283, the College Access and Opportunity Act of 2004." The purpose of this hearing was to examine the provisions in H.R. 4283 and to provide an opportunity for Members of Congress to hear about provisions in the bill. Testifying before the Committee were Mr. Jim Boyle, President, College Parents of America, Washington, D.C.; Dr. Dallas Martin, President, National Association of Federal Student Aid Administrators, Washington, D.C.; Ms. Rebecca Wasserman, President, United States Student Association, Washington, D.C.; Dr. Charles Reed, Chancellor, California State University System, Long Beach, California; and Mr. Michael Grayer, Recent Graduate, Virginia College, Jackson, Mississippi.

On Wednesday, June 16, 2004, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "H.R. 4283, the College Access & Opportunity Act: Are Students at Proprietary Institutions Treated Equitably Under Current Law?" The purpose of this hearing was to examine issues facing students attending eligible proprietary institutions of higher education. Testifying before the Committee was Dr. Dwight Smith, President and Chief Executive Officer, Sophisticated Systems, Inc., Columbus, Ohio; Mr. Andrew Rosen, President and Chief Operations Officer, Kaplan Inc., President, Kaplan College, Boca Raton, Florida; Dr. Alice Letteney, Director, University of New Mexico—Valencia, Los Lunas, New Mexico; Mr. Barmak Nassirian, Associate Director, American Association of Collegiate Registrars and Admissions Officers, Washington, D.C.; and Mr. David Moore, Chairman and Chief Executive Officer, Corinthian Colleges Inc., Santa Ana, California.

On Tuesday, June 22, 2004, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., on "H.R. 4283, the College Access & Opportunity Act: Does Accreditation Provide Students and Parents Accountability and Quality?" The purpose of this hearing was to examine issues related to accountability in higher education and those sections within the bill that deal with the accreditation process for institutions, and also the recognition of accreditors by the U.S. Department of Education. Testifying before the Subcommittee were Dr. Thomas Dary Erwin, Associate Vice President of Academic Affairs for Assessment and Program Evaluation, James Madison University, Harrisonburg, Virginia; Dr. James Davis, President, Shenandoah University, Winchester, Virginia; Dr. Stephen Crow, Executive Director, Higher Learning Commission, North Central Association of Colleges and Schools, Chicago, Illinois; Dr. Jerry Martin, Chairman, American Council of Trustees and Alumni, Washington, D.C.; and Dr. Arthur Keiser, Immediate

Past Chairman, Accrediting Commission of Career Schools and Colleges of Technology, Ft. Lauderdale, Florida.

On Tuesday, July 13, 2004, the Committee on Education and the Workforce held a hearing in Washington, D.C., on "H.R. 4283, the College Access and Opportunity Act: Increasing the Focus on Graduation Rates and Student Outcomes." The purpose of this hearing was to examine issues regarding college graduation rates and the findings of a report issued by The Education Trust entitled, "A Matter of Degrees: Improving Graduation Rates in Four-Year Colleges and Universities." Testifying before the Committee were Dr. Richard Nault, Vice President for Student Affairs, Miami University, Oxford, Ohio; Dr. Paul Lingenfelter, Executive Director, State Higher Education Executive Officers, Denver, Colorado; Mr. Ross Wiener, Policy Director, The Education Trust, Washington, D.C.; and Dr. William Law, President, Tallahassee Community College, Tallahassee, Florida.

On Tuesday, July 20, 2004, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., entitled, "Are College Textbooks Priced Fairly?" The purpose of this hearing was to examine the issue of the high cost of textbooks on college campuses and the effect on a student's overall cost of higher education. Testifying before the Subcommittee were Ms. Merriah Fairchild, Higher Education Director, California Student Public Interest Research Group, Sacramento, California; Mr. Marc L. Fleischaker, Legal Counsel, National Association of College Stores, Arent Fox LLC, Washington, D.C.; Mr. John Isley, Executive Vice President, Publishing, Planning and Business, Pearson Higher Education and Professional Publishing, Boston, Massachusetts; Mr. Virgil Monroe, Manager, Textbook Services, University of Wisconsin—River Falls, River Falls, Wisconsin.

On Thursday, September 23, 2004, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington, D.C., entitled, "Are Current Safeguards Protecting Taxpayers against Diploma Mills?" The purpose of this hearing was to examine issues related to diploma mills and their impact on the credibility of the higher education system and to also hear from witnesses about the challenge and complexity involved in defining a diploma mill. Testifying before the Subcommittee were Mr. Allen Ezell, Retired Agent, Federal Bureau of Investigations, Apollo Beach, Florida; Ms. Jean Avnet Morse, Executive Director, Middle States Commission on Higher Education, Philadelphia, Pennsylvania; and Mr. Robert Cramer, Managing Director, Office of Special Investigations, Government Accountability Office, Washington, D.C.

Legislative action—First session

On January 29, 2003, Representatives Joe Wilson (R–SC), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Johnny Isakson (R–GA), Todd Platts (R–PA), James Greenwood (R–PA), Patrick Tiberi (R–OH), Tom Cole (R–OK), Mark Souder (R–IN), Richard Baker (R–LA), Sam Graves (R–MO) and Heather Wilson (R–NM) introduced H.R. 438, the Teacher Recruitment and Retention Act of 2003, which amended the Higher Education Act to pro-

vide up to $17,500 in loan forgiveness for math, science and special education teachers.

On May 22, 2003, Representatives Phil Gingrey (R–GA), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), and Joe Wilson (R–SC) introduced H.R. 2211, the Ready to Teach Act of 2003, to reauthorize teacher preparation provisions under title II of the Higher Education Act through fiscal year 2008.

On June 4, 2003, the Subcommittee on 21st Century Competitiveness considered H.R. 438 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendment to H.R. 438:

- Representative McKeon (R–CA) offered a substitute amendment to make technical and clarifying changes to the legislation. Specifically, the amendment requires all teachers seeking increased loan forgiveness to be highly qualified under the No Child Left Behind Act.

On June 4, 2003, the Subcommittee on 21st Century Competitiveness considered H.R. 2211 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendments to H.R. 2211:

- Representative Gingrey (R–GA) offered a substitute amendment that made technical and clarifying changes to the legislation. In addition, the substitute amended authorized activities to: include faith-based and community organizations; benefit high poverty and rural local educational agencies; increase teacher retention; allow funds to be used to develop strategies to improve qualifications of pre-kindergarten teachers; ensure that teachers in private elementary and secondary schools are able to participate equitably in partnerships; provide training in how to teach limited English proficient students; and ensure that partnership activities focus on the needs of teachers in the classroom.
- Representative McKeon (R–CA) offered an amendment that made technical and clarifying changes to the legislation. In addition, it ensured that urban and rural school teachers are included in State grant retention strategies and clarified that State and institutional reporting requirements are intended for students that take assessments used by the State for teacher certification or licensure.
- Representatives Burns (R–GA), Owens (D–NY), and Hinojosa (D–TX) offered an amendment to authorize grants for the creation of Centers of Excellence at high quality (as determined by the State) minority serving institutions. In general, the purposes of this amendment are to: (1) increase teacher recruitment at minority serving institutions; and (2) make institutional improvements to teacher preparation programs at minority serving institutions. Under the amendment, grants are competitively awarded to high quality teacher preparation programs at eligible institutions which include: Historically Black Colleges or Universities, Hispanic-Serving Institutions, Tribally Controlled Colleges or Universities, Alaska Native-Serving Institutions, or Native Hawaiian-Serving Institutions.

- Representative Kind (D–WI) offered an amendment to reinstate a current law provision that allows partnership grant funds to be used for managerial and leadership activities that include superintendents.
- Representative Hinojosa (D–TX) offered an amendment to add teachers of limited English proficient students to the allowable list of educators that could benefit from merit pay initiatives.
- Representative Tierney (D–MA) offered an amendment to allow current teachers to participate in authorized clinical experience partnership grant activities.
- Representative Holt (D–NJ) offered an amendment to allow teachers to use partnership grant funds to gain clinical experience in science, math, and technology (as long as such teachers commit to an additional two years in the classroom).
- Representative Wu (D–OR) offered an amendment to allow teacher recruitment grants to be used to recruit employees from high demand industries, including technology industries, into the teaching profession.

On June 10, 2003, the Committee on Education and the Workforce considered H.R. 2211 in legislative session and reported it favorably, as amended, to the House of Representatives by voice vote. The Committee considered and adopted by voice vote the following amendments to H.R. 2211:

- Representative Gingrey (R–GA) offered a substitute amendment that made technical and clarifying changes to the legislation. In addition, the substitute amendment: adds a definition of "teaching skills" to the Act that is based on scientifically based research; requires evaluation of State grant activities that are based on teacher effectiveness (as measured by increased student academic achievement) and teacher mastery of academic subjects they teach; clarifies language to ensure that at least 50 percent of partnership funds are used to directly benefit partner local educational agencies; allows partnership grants to be used to coordinate activities with community colleges to implement teacher preparation programs; increases the minimum service requirements for students that receive scholarships under the teacher recruitment grant program; requires the Governor of a State to attest to the reliability of State data reported to the Secretary of Education; and maintains the original authorization level of $300 million for Part A activities and authorizes $10 million for teacher preparation Centers of Excellence authorized under Part C.
- Representative Van Hollen (D–MD) and Representative Woolsey (D–CA) offered an amendment to allow States to use funds to develop strategies to improve the qualifications of preschool teachers, which may include the State certification for such teachers.
- Representative Holt (D–NJ) offered an amendment to allow teacher recruitment grants to be used to recruit employees from high demand industries, including science, mathematics, and engineering, into the teaching profession.

On September 11, 2003, Representatives Pete Hoekstra (R–MI), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), James Greenwood (R–PA), Joe Wilson (R–SC), and Tom Cole (R–OK) in-

troduced H.R. 3077, the International Studies in Higher Education Act of 2003, to reauthorize international education programs under title VI of the Higher Education Act through fiscal year 2009.

On September 11, 2003, Representatives Pete Hoekstra (R–MI), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Johnny Isakson (R–GA), Patrick Tiberi (R–OH), Joe Wilson (R–SC), and Tom Cole (R–OK) introduced H.R. 3076, the Graduate Opportunities in Higher Education Act of 2003, to reauthorize graduate education programs under title VII of the Higher Education Act through fiscal year 2009.

On September 17, 2003, the Subcommittee on Select Education considered H.R. 3077 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendment to H.R. 3077:

- Representative Hoekstra (R–MI) offered a substitute amendment that made technical and clarifying changes to the legislation. Specifically, the amendment changed the process for naming the members of the International Advisory Board from the Secretary of Education to the House of Representatives, Senate and Secretary of Education, including the addition of two representatives from national security agencies. The amendment further required that the activities and functions of the International Advisory Board were to be paid by no more than 50 percent or less of the funds appropriated to the Secretary for evaluation, outreach and dissemination. The amendment clarified that minority serving institutions should be considered as partners in the International Business Education Centers program. Lastly, the amendment clarified the language allowing agency and military recruiters access to campuses.

On September 17, 2003, the Subcommittee on Select Education considered H.R. 3076 in legislative session and reported it favorably as amended to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendment to H.R. 3076:

- Representative Hoekstra (R–MI) offered a substitute amendment that made technical and clarifying changes to the legislation, including the reinstatement of language that ensures qualified students receive Javits fellowship awards, regardless of Department of Education error.

On September 25, 2003, the Committee on Education and the Workforce considered H.R. 3077 in legislative session and reported it favorably, as amended, to the House of Representatives by voice vote. The Committee considered and adopted the following amendments to H.R. 3077:

- Representative Hoekstra (R–MI) offered a substitute amendment that clarified the functions of the International Advisory Board to ensure the Board is advisory in its scope. In addition, the amendment clarified that Board members cannot receive compensation or gifts for their service, staggered the terms of the Board members, and clarified the basic operations of the Board. The amendment clarified that no more than half of the total funds awarded to an institution of higher education or consortia of such institutions under title VI could be used

for costs of dissemination of materials to elementary and secondary schools. Lastly, the amendment also clarified that Federal agency and military recruiters are given the same access to campuses as provided to other prospective employers. The amendment was adopted by voice vote.

- Representative Holt (D–NJ) offered an amendment that established a study, to be conducted by the Secretary of Education in consultation with the International Advisory Board, of foreign language heritage communities. The amendment was adopted by unanimous consent.
- Representative Holt (D–NJ) offered an amendment to authorize projects under the National Language and Area Centers programs that support students' understanding of science and technology in coordination with foreign language proficiency. The amendment was adopted by unanimous consent.

On Thursday, September 25, 2003, the Committee on Education and the Workforce considered H.R. 3076 in legislative session and reported it favorably as amended to the House of Representatives by voice vote. The Committee considered and adopted the following amendments to H.R. 3076:

- Representative Hoekstra (R–MI) offered a substitute amendment that made technical and clarifying changes to the legislation. The amendment included the addition of an authorized use of special project funds for the Fund for the Improvement of Postsecondary Education (FIPSE), which encourages the establishment of academic programs to train faculty to teach traditional American history. The substitute also moved the competitive priority for graduate work in second language pedagogy and second language acquisition, including the preparation of teachers who teach limited English proficient students, from the Javits program to the Graduate Assistance in Areas of National Need (GAANN) program. The amendment was adopted by voice vote.
- Representative Ehlers (R–MI) offered an amendment that was adopted by unanimous consent by the Committee. The amendment moves the GAANN competitive priority language to the section of title VII within which areas of national need and institutional eligibility are determined. This placement is more appropriate to the intent of the priority and aligns the determination of the Secretary with the actual disciplines to be considered. The amendment also requires that an applicant have a master's degree or be working toward a Ph.D. in math or science prior to receipt of the fellowship.
- Representative Holt (D–NJ) offered an amendment that was adopted by unanimous consent by the Committee. The amendment requires applicants for the GAANN program to include within that application, assurances that the department receiving the grant collaborates with departments, programs or units in all content areas to ensure a successful combination of training in both teaching and content areas.
- Representatives Ryan (D–OH) and Hoekstra (R–MI) offered an amendment that was adopted by unanimous consent by the Committee. The amendment would add an authorized activity in the special projects fund of FIPSE. The amendment allows FIPSE to include support for planning, research, train-

ing, and other services to be provided by institutions of higher education in order to work with private and civic organizations to assist communities in addressing pressing and severe community problems.

109TH CONGRESS

Hearings—First session

On Tuesday, March 1, 2005, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled, "Enforcement of Federal Anti-Fraud Laws in For-Profit Education." The purpose of this hearing was to examine the effectiveness and enforcement of Federal laws that exist to prevent fraud and abuse in for-profit education. Testifying before the Committee were The Honorable Maxine Waters (D–CA), Member of Congress, U.S. House of Representatives; Mr. Thomas A. Carter, Deputy Inspector General, Department of Education, Washington, D.C.; Mr. David Rhodes, President, The School of Visual Arts, New York, New York; Mr. Nicholas Glakas, President, Career College Association, Washington, D.C.; and Ms. Paula Dorsey, former Director of Admissions, Bryman College, Reseda, California.

On Tuesday, April 19, 2005, the Committee on Education and the Workforce held a hearing in Washington D.C., entitled, "College Access: Is Government Part of this hearing was to learn about what has been accomplished in regard to the conditions under which individuals enter the country with the use of a student visa since the Subcommittees held joint hearings on October 31, 2001 and September 24, 2002. Testifying before the Subcommittees were Mr. Victor Cerda, Special Counsel, U.S. Department of Homeland Security, Immigration and Customs Enforcement, Washington, D.C.; Mr. Stephen A. Edson, Managing Director of the Visa Services Directorate, Bureau of Consular Affairs, Department of State, Washington, D.C.; Mr. Randolph C. Hite, Director, Information Technology Architecture and Systems Issues, Government Accountability Office, Washington, D.C.; Mr. Lawrence Bell, Director, Office of International Education, University of Colorado, Boulder, Colorado; and Dr. C.D. Mote, Jr., President, University of Maryland, College Park, Maryland.

On Friday, April 22, 2005, the Committee on Education and the Workforce held a hearing entitled, "College Access: Is Government Part of the Solution, or Part of the Problem?" This hearing served as a forum to discuss the effects of ever-rising college tuition costs and debate some of the possible solutions to this problem. Testifying before the Committee were Dr. Richard Vedder, Distinguished Professor of Economics, Ohio University, Athens, Ohio; and Dr. Donald Heller, Associate Professor and Senior Research Associate, Center for the Study of Higher Education, The Pennsylvania State University, University Park, Pennsylvania.

On Monday, May 2, 2005, the Committee on Education and the Workforce, Subcommittee on Select Education, held a field hearing entitled, "International Education and Foreign Language Studies in Higher Education." The hearing was held to discuss international education and the respective programs under title VI of the Higher Education Act. Specifically, the Subcommittee sought to gather additional information about how institutions of higher edu-

cation are working with local K–12 schools to promote international education opportunities. Testifying before the Subcommittee were Dr. Blandina Cardenas, President, The University of Texas—Pan American, Edinburg, Texas; Ms. Olga Chapa, Graduate Student, The University of Texas—Pan American, Edinburg, Texas; Dr. Raymund Paredes, Commissioner, Texas Higher Education Coordinating Board, Austin, Texas; Dr. Jose Jaime Rivera, President, University of the Sacred Heart, San Juan, Puerto Rico; and Dr. Tomas Arciniega, President Emeritus, California State University—Bakersfield, Valley Center, California.

On Monday, May 5, 2005, the Committee on Education and the Workforce, Subcommittee on Select Education, held a hearing entitled, "College Credit Mobility: Can Transfer of Credit Policies be Improved?" This hearing served as a forum to discuss college credit mobility policies at the institutional level, as well as to examine best practices at the state level, which ensure that the policies and articulation agreements permit the fair and efficient transfer of credit. Testifying before the Subcommittee were Dr. Philip Day, National Articulation and Transfer Network, San Francisco, California; Dr. Nancy Zimpher, President, University of Cincinnati, Cincinnati, Ohio; Dr. Theresa Klebacha, Director, Strategic Initiatives, Florida Department of Education, Tallahassee, Florida; and Mr. Jerome Sullivan, Executive Director, American Association of Collegiate Registrars and Admissions Officers, Washington, D.C.

On Thursday, May 5, 2005, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C., entitled, "College Credit Mobility: Can Transfer of Credit Policies be Improved?" This hearing served as a forum to discuss college credit mobility policies at the institutional level, as well as to examine best practices at the state level, which ensure that the policies and articulation agreements permit the fair and efficient transfer of credit. Testifying before the Subcommittee were Dr. Philip Day, National Articulation and Transfer Network, San Francisco, California; Dr. Nancy Zimpher, President, University of Cincinnati, Cincinnati, Ohio; Dr. Theresa Klebacha, Director, Strategic Initiatives, Florida Department of Education, Tallahassee, Florida; and Mr. Jerome Sullivan, Executive Director, American Association of Collegiate Registrars and Admissions Officers, Washington, D.C.

On Thursday, May 19, 2005, the Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, held a hearing in Washington D.C., entitled, "Challenges to American Competitiveness in Math and Science." The hearing focused on whether elementary and high schools are being creative enough with their math and science curriculum to make these courses appealing to students. Also, the hearing examined what is being done at institutions of higher education to retain and graduate students who start their academic careers in math, science or engineering disciplines. Testifying before the Subcommittee were Mr. Norm Augustine, Retired Chairman and Chief Executive Officer, Lockheed Martin Corporation, Bethesda, Maryland; Dr. Thomas Magnanti, Dean of the School of Engineering, Massachusetts Institute of Technology, Cambridge, Massachusetts; Ms. June Streckfus, Executive Director, Maryland Business Roundtable, Baltimore, Maryland; and Dr. Nancy Songer, Professor of Science Education and

Learning Technologies, University of Michigan, Ann Arbor, Michigan.

Legislative action—First session

On February 8, 2005, Representatives John Boehner (R–OH) and Howard P. "Buck" McKeon (R–CA) introduced H.R. 609, the College Access and Opportunity Act, to reauthorize the Higher Education Act (HEA) through fiscal year 2011.

On February 2, 2005, Representatives Patrick Tiberi (R–OH), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Joe Wilson (R–SC), Peter Hoekstra (R–MI), and Ruben Hinojosa (D–TX) introduced H.R. 509, the International Studies in Higher Education Act of 2005, to reauthorize international education programs under title VI of the Higher Education Act through fiscal year 2011.

On February 2, 2005, Representatives Patrick Tiberi (R–OH), John Boehner (R–OH), Howard P. "Buck" McKeon (R–CA), Vernon Ehlers (R–MI), Joe Wilson (R–SC), Peter Hoekstra (R–MI), and Ruben Hinojosa (D–TX) introduced H.R. 510, the Graduate Opportunities in Higher Education Act of 2005, to reauthorize graduate education programs under title VII of the Higher Education Act through fiscal year 2011.

On June 16, 2005, the Subcommittee on Select Education considered H.R. 509 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendment to H.R. 509:

- Representative Tiberi (R–OH) offered a substitute amendment that made technical and clarifying changes to the legislation. Specifically, the amendment emphasized international business and trade competitiveness as some of the core areas in international education initiatives; clarified grantees that are required to disseminate information to elementary and secondary schools ensure that the materials are reflective of a wide range of viewpoints; and expanded the representation on the International Advisory Board to include additional Federal agency representatives that have responsibilities for diplomacy and international commerce.

On June 16, 2005, the Subcommittee on Select Education considered H.R. 510 in legislative session and reported it favorably, as amended, to the Committee on Education and the Workforce by voice vote. The Subcommittee considered and adopted by voice vote the following amendment to H.R. 510:

- Representative Tiberi (R–OH) offered a substitute amendment to make technical and clarifying changes to the legislation.

The Subcommittee on 21st Century Competitiveness considered H.R. 609 in legislative session on Wednesday, July 13 and Thursday, July 14, 2005 and reported it favorably, as amended to the Committee on Education and the Workforce by a vote of 18–15. The Subcommittee considered and adopted the following amendments to H.R. 609:

- Representative McKeon (R–CA) offered a substitute amendment to make technical and clarifying changes to the legislation. Specifically, under title I of the bill, the amendment modified the provision on Student Speech and Associa-

tion Rights; clarified the college cost reporting requirements; and added a prohibition for propaganda not authorized by Congress. The substitute amended title II of the bill to include gifted and talented as one of the learning styles on which teacher preparation programs should focus and amended reporting requirements to include additional information on the academic fields being studied by students participating in teacher preparation programs. Title III was amended by adding a new eligible institution to the Historically Black Graduate Institution (HBGI) program. Amendments to title IV included a reconfiguration of the reduction of origination fees that incorporated the mandatory guaranty fee while still reducing fees paid by students to 1 percent by 2010; clarified the prohibition of the ability for students to consolidate their loans while in-school in both the Federal Family Education Loan (FFEL) program and the Direct Loan (DL) program; eliminated the ability of FFEL lenders to take advantage of the "super two step" loophole in the consolidation loan program; prospectively eliminated the ability of lenders to earn a minimum of 9.5 percent special allowance through the practice of "recycling"; clarified how much money a guarantor can retain from defaulted borrowers through consolidation versus rehabilitation of a borrower's defaulted loan; amended the date for Perkins loan Federal Capital Contributions recovery; established eligibility for competency based programs for title IV purposes; removed the reporting requirements on transfer of credit; and added due process language for program reviews and accreditation hearings. In addition, the substitute amendment made minor changes to the Education of the Deaf Act, by linking the accountability provisions of the No Child Left Behind Act with the elementary and secondary schools operated by Gallaudet University. The amendment was adopted by voice vote.

• Representative Fortuño (R–PR) offered an amendment to maintain the single definition of an institution of higher education, but exempt titles III and V of the Higher Education Act from those funds for which for-profit institutions would be eligible to compete. The amendment was adopted by a vote of 22–10.

• Representative Foxx (R–NC) offered an amendment to prohibit the Department of Education from implementing the proposed student unit record database. The amendment was adopted by voice vote.

• Representative Wu (D–OR) offered an amendment to allow for the development of dual degree programs that allow students to earn two undergraduate degrees, one in education and the other in the subject of the student's choosing. The amendment was adopted by voice vote.

• Representative Price (R–GA) offered an amendment to authorize the Teacher Incentive Fund, which will provide funds to states that want to develop merit pay initiatives. The amendment was adopted by a vote of 17–15.

• Representative Keller (R–FL) offered an amendment to waive Pell Grant repayment obligations for students who withdraw from their institution of higher education due to Feder-

ally-declared natural disasters. The amendment was adopted by voice vote.

- Representative Keller (R–FL) offered an amendment to prohibit individuals who are subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense from being eligible for a Pell Grant. The amendment was adopted by voice vote.
- Representative Keller (R–FL) offered an amendment to raise the maximum authorized Pell Grant to $6,000. The amendment was adopted by voice vote.
- Representative Johnson (R–TX) offered an amendment to limit a student's Pell Grant to 16 semesters (8 years) or 24 quarters (6 years). The amendment was amended by unanimous consent to limit a student's Pell Grant to 18 semesters (9 years) or 27 quarters (7 years). The amendment was adopted by voice vote.
- Representative Castle (R–DE) offered an amendment to strike the repeal of the 90/10 rule and move the rule to the Program Participation Agreement and further define what is included in the 10 percent part of the ratio. The amendment was adopted by voice vote.
- Representatives Porter (R–NV) and McCarthy (D–NY) offered an amendment to modify the existing Child Care Loan Forgiveness discretionary program to include loan forgiveness for nurses and other occupations deemed by the Secretary to be areas of national need. The amendment was adopted by voice vote.
- Representative McCollum (D–MN) offered an amendment to direct the Secretary of Education to commission a study on fraud and abuse in the title IV student financial aid programs. The amendment was adopted by a vote of 33–0.

The Committee on Education and the Workforce considered H.R. 609 in legislative session on Wednesday, July 20, Thursday, July 21 and Friday, July 22, 2005 and reported it favorably, as amended, to the House of Representatives, by a vote of 27–20, 1 present. The Committee considered and adopted the following amendments to H.R. 609:

- Representative Boehner (R–OH) offered a substitute amendment to make technical and clarifying changes to the legislation. Specifically, under title I of the bill, the substitute clarified that degrees offered by Rabbinical schools are recognized as equivalent to the baccalaureate degree and Rabbinical schools are able to participate in the title IV student financial aid programs; and improved the fraud and abuse protections for students that receive title IV aid enrolled in foreign schools. In title II, the substitute added language that allow states to further evaluate the content knowledge of potential teachers in the subject matter they will be teaching; allowed funds to be used to increase the supply of highly qualified math, science and special education teachers and the faculty needed to train them; clarified that funds can be used to help recruit high achieving students, including those who are bilingual, into the field of early childhood education; and allowed institutions of higher education to develop articulation agreements to make it easier for existing early childhood educators to obtain a bach-

elor's degree. In title III, the substitute included a provision for the Tribally Controlled Colleges and Universities and the Alaska-Native and Native-Hawaiian Serving Institutions to use grant funds to support instruction in tribal governance and tribal public policy. In title IV, the substitute clarified that individuals who are convicted of fraud and abuse within the title IV student aid programs are no longer eligible for such aid until they pay back to the Federal government the aid received through fraudulent means. Additionally, the substitute specifically addresses the needs of homeless youth in the TRIO program and GEAR UP and clarifies that TRIO programs should include services to address the transition of veterans into math and science fields. The substitute adds language to ensure that a loan cannot be transferred into a qualifying tax exempt bond to obtain 9.5 percent special allowance. The substitute also includes a provision to provide the opportunity for active duty members of the Armed Services who are out of school to obtain a student loan deferment of up to three years. The substitute consolidates and clarifies consumer empowerment information by establishing a central location for the collection of such information, designated as the College Opportunities On-Line (COOL) website operated by the Department of Education. The substitute also includes foreign language teachers and U.S. government employees who are in positions that regularly require the use of a foreign language in the discretionary national need loan forgiveness program. The substitute amendment reflected the amendments made to H.R. 509 and H.R. 510, the reauthorization bills for title VI and VII of the Higher Education Act, respectively. Under title VI of the bill, the substitute clarifies that when the members of the International Advisory Board assess activities of centers or programs supported by title VI funds, the materials that are used to make assessments must be those submitted by grantees to the Department of Education as part of the grant requirements. Under title VII of the bill, the substitute adds language to prohibit funds from the Fund for the Improvement of Postsecondary Education (FIPSE) from being spent on students who are not eligible for title IV aid; and allows FIPSE funds to be used to support students who are fulfilling internships in disadvantaged communities. The substitute renames the "Education of the Deaf Act of 1986" as the "Gallaudet University and National Technical Institute for the Deaf Act." The amendment was adopted by voice vote.

• Representative Castle (R–DE) offered an amendment to clarify for-profit institutions cannot automatically compete for other Federal programs outside of the Higher Education Act. The amendment was adopted by voice vote.

• Representative McCarthy (D–NY) offered an amendment to require that reports of graduation rates under the college cost section of the bill must indicate whether completion or graduation rates are from two- or four-year institutions, and if the rates are from a two-year program of instruction, they be accompanied by the percentage of students who transferred to a four-year institution. The amendment was adopted by unanimous consent.

• Representative McCarthy (D–NY) offered an amendment to clarify that the College Affordability Index must be presented next to an institution's tuition and fees on the College Opportunities On-Line (COOL) website. The amendment was adopted by unanimous consent.

• Representatives Hinojosa (D–TX), Grijalva (D–AZ), Fortuño (R–PR), and Tiberi (R–OH) offered an amendment to create a new program for graduate programs at Hispanic Serving Institutions (HSIs). The amendment was adopted by a vote of 46–2.

• Representative Wu (D–OR) offered an amendment to establish or expand dual enrollment programs at institutions of higher education with funds from the Fund for the Improvement of Postsecondary Education (FIPSE). The amendment was adopted by unanimous consent.

• Representatives Tiberi (R–OH) and Barrow (D–GA) offered an amendment to clarify that programs that reduce postsecondary remediation rates and improve degree attainment rates for low-income students and former high school dropouts are eligible for funds under FIPSE. The amendment was adopted by voice vote.

• Representative Price (R–GA) offered an amendment to direct the Secretary of Education to study the indebtedness of medical school graduates. The amendment was adopted by voice vote.

• Representative Davis (D–IL) offered an amendment to direct the Secretary of Education to study the graduation rates of minority male students. The amendment was adopted by voice vote.

• Representatives Petri (R–WI) and Boehner (R–OH) offered an amendment to provide borrowers a choice between a fixed interest rate and a variable interest rate on consolidation loans. The amendment was adopted by a vote of 26–20.

• Representative Petri (R–WI) offered an amendment to reduce insurance and reinsurance rates for lenders and guarantors, respectively. The amendment was adopted by voice vote.

• Representatives Kildee (D–MI) and Van Hollen (D–MD) offered an amendment to reform the school as lender initiative in the FFEL program. The amendment was adopted by unanimous consent.

• Representative Grijalva (D–AZ) offered an en bloc amendment to expand the discretionary national need loan forgiveness program to include librarians, teachers of bilingual education, first-responders, and child welfare workers. The amendment was adopted by voice vote.

• Representative Musgrave (R–CO) offered an amendment to exempt small business assets from being included in the disclosure of assets for the purposes of need analysis. The amendment was adopted by a vote of 28–18.

• Representatives Osborne (R–NE) and Holt (D–NJ) offered an amendment to make community colleges eligible to participate in the year-round Pell Grant program. The amendment was adopted by voice vote.

• Representative Boustany (R–LA) offered an amendment to consider children who are adopted after age 13 to be included

in the "special circumstances" discretion allowed for school financial aid officers in need analysis determinations. The amendment was adopted by voice vote.

• Representative Musgrave (R–CO) offered an amendment to ensure that a student's Federal student aid is not impacted by his or her participation in a State choice program. The amendment was amended by unanimous consent by Representative Musgrave by changing "entity" to "State" and adopted by voice vote.

• Representative Foxx (R–NC) offered an amendment to increase accountability in the TRIO programs. The amendment was adopted by a vote of 27–19.

• Representative Castle (R–DE) offered an amendment to further define the 90/10 ratio and increase the penalties for non-compliance. The amendment was adopted by voice vote.

• Representative Platts (R–PA) offered an amendment to require colleges and universities that are in the top 25 percent of those in their sector to exceed the College Affordability Index to establish college cost task forces. The amendment was adopted by voice vote.

• Representative Ehlers (R–MI) offered an amendment to require accrediting agencies to monitor the growth of distance education programs. The amendment was adopted by unanimous consent.

• Representatives McKeon (R–CA), Ehlers (R–MI) and Kind (D–WI) offered an amendment to provide scholarships to the top high school seniors to pursue undergraduate and graduate degrees in math and science, allow interest repayment on loans for math and science studies, and create education councils on math and science. The amendment was adopted by voice vote.

• Representatives McKeon (R–CA), Ryan (D–OH), and Tierney (D–MA) offered an amendment to authorize the non-mandatory cost provisions of the Advisory Committee on Student Financial Aid report on FAFSA simplification. The amendment was adopted by voice vote.

• Representative Van Hollen (D–MD) offered an amendment to continue the Experimental Sites initiative and experiments. The amendment was amended by unanimous consent by clarifying institutional experiments in the Experimental Sites initiative would continue unless the Secretary determines the institution's participation has not been successful. The amendment was adopted by voice vote.

• Representative McKeon (R–CA) offered an amendment to ensure accreditors take into account an institution's religious mission during the institutional review. The amendment was adopted by voice vote.

• Representative Andrews (D–NJ) offered an amendment to require institutions of higher education to disclose fire safety policies and procedures to enrolled and prospective students. The amendment was adopted by a vote of 35–13.

• Representative Andrews (D–NJ) offered an amendment to modify the return of title IV provisions for clock hour institutions. The amendment was adopted by voice vote.

• Representative Wu (D–OR) offered an amendment to establish a Sense of the Committee regarding textbook costs. The amendment was adopted by voice vote.

• Representative Kind (D–WI) offered an amendment to direct the Secretary of Education to do a study on adult learners attending institutions of higher education. The amendment was adopted by voice vote.

Below is a summary of H.R. 609.

SUMMARY

Short title; Table of contents

Section 1 gives the short title of the bill as the College Access and Opportunity Act of 2005 and sets forth the table of contents.

References; Effective date

Section 2 specifies that the provisions of the bill amend the Higher Education Act of 1965, and makes these amendments (except as otherwise provided in the legislation) effective upon enactment of the legislation.

Title I—General provisions

Title I of H.R. 609 amends provisions and programs under title I (General Provisions) of the Higher Education Act and reauthorizes title I through fiscal year 2011.

Definition of an institution of higher education

The bill creates a single definition of an institution of higher education. Under current law, the Higher Education Act includes two definitions of an institution of higher education. The first definition, in section 101 of the law, applies to institutional participation in both title IV student financial aid programs and non-title IV programs. The second definition, in section 102 of the law, applies only to institutions participating in title IV programs. By creating a single definition, H.R. 609 removes the 90/10 rule from the criteria that institutions of higher education must meet in order to be eligible for title IV participation. Additionally, the single definition provision repeals the 50 percent rule for telecommunications courses.

The single definition provision clarifies that institutions of higher education that dually enroll students in their institution and a secondary school will continue to be eligible for participation in the title IV programs. Additionally, the single definition clarifies that institutions of higher education who admit home-schooled students are able to participate in the title IV programs.

Institutions outside the United States

H.R. 609 maintains the section 102 definition of an institution of higher education for institutions outside of the United States and makes several amendments to the current law provision. The bill clarifies the definition of a foreign school to include a requirement for the school to be legally authorized by the education ministry (or comparable agency) of the country in which the school is located. H.R. 609 also removes the requirement for students attending Canadian Medical schools to take the Foreign Medical exam. For the purposes of qualifying as a foreign medical school for participation

in the Federal Family Education Loan (FFEL) program, the bill requires the Secretary to publish qualifying criteria by regulation and establish an advisory panel of medical experts to evaluate the standards of foreign medical school accreditation and determine their comparability to U.S. standards.

Restrictions on funds for for-profit institutions

With the creation of a single definition of an institution of higher education, the bill also places restrictions on funds for proprietary schools and makes proprietary schools ineligible for funds available through title III or title V of the Higher Education Act. Additionally, other Federal funds made available to institutions of higher education through the current statutory reference to section 101 will not be made automatically available to for-profit institutions until the other Federal statute is amended to expressly include the for-profit sector.

New borrower definition

H.R. 609 clarifies the definition of a "new borrower" to separate the Federal Family Education Loan (FFEL) and Direct Loan (DL) programs from the Perkins loan program.

Student Speech and Association Rights

H.R. 609 modifies the current Sense of Congress on Student Speech and Association Rights to clarify students should not be excluded from campus activities or denied any benefits based on their ideological or political beliefs.

National Advisory Committee on Institutional Quality and Integrity

The bill reauthorizes the National Advisory Committee on Institutional Quality and Integrity (NACIQI) and permits members of NACIQI to continue to serve after an expiration of their term until a successor has been appointed.

Alcohol and Drug Abuse Prevention; Prior Rights and Obligations; Performance Based Organization

H.R. 609 reauthorizes the Alcohol and Drug Abuse Prevention grants program, Prior Rights and Obligations dealing with bond servicing, and the Performance Based Organization (PBO) through fiscal year 2011.

Limitation on certain uses of funds

The bill places a limitation on certain uses of funds, such as limiting publicity or propaganda activities not authorized by Congress prior to the enactment of H.R. 609.

Consumer information and public accountability in higher education

H.R. 609 amends current law section 131 to require the Secretary to redesign the College Opportunities On-Line (COOL) website to make the site more user-friendly and contain information that is of greater use to students and families when making decisions about college. The bill requires the Department to revamp its current COOL website, including all currently required data

from institutions of higher education, to create a College Consumer Profile that is easily reviewed by parents and students. The bill also amends the Higher Education Act section 131 to require institutions of higher education that increase their tuition and fees more than twice the rate of inflation over a three-year interval to submit a management plan in conjunction with the entity that controls their tuition and fee costs to the Secretary for publication on the COOL website. H.R. 609 establishes a college affordability index and requires an institution that exceeds the index to report how it will work to reduce that increase. Institutions that are in the highest 25 percent of the college affordability index for their sector will be required to establish a quality-efficiency task force to review operations at the institution. Institutions that fail to comply with their management plan or action plan are subject to an audit by the Inspector General, additional monitoring by the Department of Education, and potentially a fine of $25,000. The bill provides for a low-cost school exemption as well as an exemption for those schools that exceed the index but do so by less than $500. The bill requires the Government Accountability Office to conduct a study of best practices of those institutions that keep costs low and increase the affordability of higher education. H.R. 609 also calls for a student aid recipient survey on the current population of students receiving Federal student aid to be completed by the Department of Education not less than once every four years.

Databases of student information

H.R. 609 contains a prohibition of the design, development, creation, implementation or maintenance of nationwide databases that track individual students over time.

Title II—Teacher Preparation

Title II of H.R. 609 amends provisions and programs under title II (Teacher Preparation) of the Higher Education Act and reauthorizes title II through fiscal year 2011.

H.R. 609 amends Part A (Teacher Quality Enhancement Grants for States and Partnerships) and Part B (Preparing Tomorrow's Teachers to Use Technology) of title II of the Higher Education Act, authorizes new teacher preparation activities under Part C (Centers of Excellence), and authorizes the creation of new state and locally developed performance based pay structures for teachers and principals under Part D (Teacher Incentive Fund).

Teacher quality enhancement grants for states and partnerships

The bill authorizes competitively awarded grants to: (1) increase student academic achievement; (2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; (3) hold institutions of higher education accountable for preparing highly qualified teachers; (4) recruit highly qualified individuals, including minorities and individuals from other occupations, into the teaching force, and (5) assist States and local educational agencies in developing and implementing performance based pay systems for teachers and principals who increase student academic achievement and close the achievement gap.

State grants

H.R. 609 requires States that receive grants to develop evaluation systems to determine the effectiveness of grant activities, which must include measures for teacher effectiveness that are based on gains in student academic achievement and teacher mastery of the academic subjects they teach.

Under this section, States must use funds to reform teacher preparation requirements, coordinate with State activities authorized under title II of the No Child Left Behind Act and ensure that current and future teachers are highly qualified. State grant funds can be used for: (1) designing teacher preparation programs that are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; (2) reforming teacher State certification to ensure that teachers have the necessary subject matter knowledge and teaching skills to help students meet challenging State student academic achievement standards; (3) providing prospective teachers with alternative routes to traditional preparation and State certification; (4) planning and implementing innovative teacher preparation programs, such as charter colleges of education; (5) developing performance-based compensation systems for teachers and principals; (6) developing teacher advancement and retention initiatives that promote professional growth, multiple career paths, and pay differentiation; (7) ensuring that local educational agencies and schools are able to expeditiously remove incompetent or unqualified teachers; (8) developing systems to measure the effectiveness of teacher preparation programs; (9) providing technical assistance to low-performing teacher preparation programs as identified by the State; (10) ensuring that local educational agencies and schools are able to recruit highly qualified teachers; (11) developing strategies to improve qualifications of preschool teachers and preschool teacher preparation programs; (12) incorporating the learning needs of gifted and talented students into activities to ensure that new teachers possess basic knowledge and skills to meet the needs of these students; (13) establishing or expanding new-teacher mentoring and assessment programs that are part of a licensure process to identify student learning differences among gifted students; (14) supporting the development of new special education, math and science faculty positions in institutions of higher education dedicated to the preparation of teachers in these disciplines; and (15) assessing the performance of teacher preparation programs within institutions of higher education in States that provide comparisons across schools in the State.

Partnership grants

H.R. 609 provides that each eligible partnership must include at least: (1) a high quality teacher preparation program at an institution of higher education; (2) a school of arts and sciences; (3) a high need local educational agency; and (4) a public or private educational organization.

Each eligible partnership must submit an application that, among other things, describes: (1) how faculty of a teacher preparation program at an institution of higher education that seeks a partnership grant will serve with highly qualified teachers in the

classroom at partner local educational agencies over the term of the grant; and (2) how teachers in private elementary and secondary schools located in the geographic areas served by the partnership will be able to participate equitably in the partnership.

This section requires that at least 50 percent of partnership funds be used to "directly benefit" partner local educational agencies and clarifies that any entity under the partnership may be the fiscal agent of such partnership.

H.R. 609 requires that eligible partnerships use funds to reform teacher preparation requirements, coordinate with State activities authorized under title II of the No Child Left Behind Act, and ensure that current and future teachers are highly qualified. Partnership grant funds must be used for: (1) designing teacher preparation programs that are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; (2) providing sustained and high quality pre-service and in-service clinical experience for teachers, including the mentoring of prospective teachers by exemplary teachers; (3) creating opportunities for enhanced and ongoing professional development consistent with the definition of "professional development" in the No Child Left Behind Act; and (4) developing professional development activities that provide training in how to teach and address the needs of students with different learning styles (particularly students with disabilities) and to provide training in methods of improving student behavior in the classroom.

An eligible partnership that receives a partnership grant may also use funds for: (1) providing prospective teachers with alternative routes to traditional preparation and State certification; (2) disseminating information on effective practices of the partnership; (3) developing managerial and leadership professional development programs for principals and superintendents; (4) providing teacher recruitment activities; (5) creating opportunities for teachers to gain clinical experience in science, math, and technology (as long as such teachers commit to an additional two years in the classroom after the clinical experience); (6) coordination with community colleges to implement teacher preparation programs; (7) establishing or implementing a teacher mentoring program; (8) providing training for teachers to use computer software for multilingual education to address the needs of limited English proficient students; (9) increasing the knowledge and skills of pre-service teachers participating in activities related to the needs of gifted and talented students; and (10) increasing the number of highly qualified special education, math and science teachers.

Teacher recruitment grants

H.R. 609 requires that applicants for Teacher Recruitment Grants submit an application that, among other things, describes the extent to which the applicant will use funds to recruit minorities into the teaching profession and directs the Secretary of Education to give priority to applicants that will place an emphasis on recruiting minorities into the teaching profession. In addition, the legislation increases the minimum service requirements (as teachers in high need local educational agencies) for students that re-

ceive assistance to a minimum of one year, plus an amount of time equivalent to the aid received.

An eligible applicant must use teacher recruitment grant funds to: (1) award scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program; (2) provide support services to enable scholarship recipients to complete postsecondary education programs; and (3) provide follow up services to former scholarship recipients during the recipients' first 3 years of teaching; or develop and implement activities to ensure that high need local educational agencies and schools are able to effectively recruit highly qualified teachers.

In addition to using funds for the aforementioned required activities, an eligible applicant that receives a teacher recruitment grant may also use funds to recruit employees from high demand industries, including mathematics, science, engineering, and technology industries, into the teaching profession. Eligible applicants may also use funds to conduct outreach and coordinate with inner city and rural secondary schools to encourage students to pursue teaching as a career; develop and implement dual degree programs; and recruit high achieving students and bilingual students into early childhood education programs.

Accountability for programs that prepare teachers

Under H.R. 609, each State that receives grants under the Act must continue its "State Report Card on the Quality of Teacher Preparation" (as required under P.L. 105–244, the Higher Education Amendments of 1998) and report annually to the Secretary of Education, for both traditional and alternative teacher preparation programs, the percentage of students (who completed at least 50 percent of the coursework required for teacher preparation programs) that took and passed the State certification or licensure assessment.

H.R. 609 continues provisions for the Secretary of Education to report on teacher quality and preparation in the United States. Among other things, the Secretary's report (which is made available to the Congress and the public) must include: (1) A comparison of States' efforts to improve teaching quality; and (2) the national mean and median scores on any standardized test that is used in one or more States for teacher certification or licensure.

Each teacher preparation program that enrolls students receiving Federal assistance under the Act must also continue current law reporting requirements with regard to the quality of teacher preparation. In particular, H.R. 609 requires annual reports from teacher preparation programs that must include: (1) the pass rate of each student who completed at least 50 percent of the coursework required for the teacher preparation program on the State certification or licensure assessment; (2) a comparison of the program's pass rate for students who completed at least 50 percent of the coursework required for the teacher preparation program with the average pass rate for other programs in the State; and (3) a comparison of the program's average raw score for students who completed at least 50 percent of the coursework required for the teacher preparation program with the average raw scores for other programs in the State. In the case of programs with fewer than ten students who have completed at least 50 percent of the require-

ments, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

H.R. 609 adds provisions to the Higher Education Act that require the Governor of a State (or the entity in the State responsible for teacher certification and preparation) to attest to the reliability of data reported under the Act to the Secretary of Education.

Preparing tomorrow's teachers to use technology

H.R. 609 continues activities authorized under the Preparing Tomorrow's Teachers to Use Technology program. This program was updated and transferred from the Elementary and Secondary Education Act to the Higher Education Act during consideration of the No Child Left Behind Act in the 107th Congress. The purpose of this program is to prepare prospective teachers to use advanced technology to prepare all students to meet challenging State and local academic content and student academic achievement standards.

Centers of excellence

H.R. 609 authorizes grants for the creation of Centers of Excellence at high quality minority serving institutions. Under this part, grants are competitively awarded to high quality teacher preparation programs (as determined by the State) at eligible institutions which include: Historically Black Colleges or Universities, Hispanic-Serving Institutions, Tribally Controlled Colleges or Universities, Alaska Native-Serving Institutions, or Native Hawaiian-Serving Institutions.

Teacher incentive fund

The bill also authorizes the Teacher Incentive Fund with the purpose of assisting States, local educational agencies, and nonprofit or for-profit organizations to develop and implement, or expand, innovative compensation systems to provide financial rewards for teachers and principals who raise student academic achievement and close the achievement gap, especially in the highest-need local educational agencies.

Title III—Institutional Aid

Title III of H.R. 609 amends provisions and programs under title III (Institutional Aid) of the Higher Education Act and reauthorizes title III through fiscal year 2011.

Tribally Controlled Colleges and Universities

The bill amends the current competitive grant program for Tribally Controlled Colleges and Universities (TCCUs) and establishes a formula grant for these institutions. The minimum grant for each institution is $400,000. With the creation of a formula grant, the bill removes the two-year wait-out period, which is no longer necessary under the new formula grant provision. Additionally, H.R. 609 allows TCCUs to use funds for the development and improvement of facilities for Internet and other distance learning academic instruction capabilities and to use funds to assist with advanced degrees in tribal governance or the development of tribal public policy.

Alaska-Native and Native-Hawaiian Serving Institutions

H.R. 609 conforms the uses of funds provisions for Alaska-Native and Native-Hawaiian Serving Institutions to that of all the other minority serving institution programs by allowing funds to be used for construction and maintenance of instructional facilities. These institutions can also use funds for the development and improvement of facilities for Internet and other distance learning academic instruction capabilities and to use funds to assist with advanced degrees in tribal governance or the development of tribal public policy. Lastly, the bill allows these institutions to use no more than 20 percent of their grant funds to establish an endowment fund with the use of matching funds. This provision is already provided for within title III for other minority serving institutions.

Historically Black Colleges and Universities

The bill amends the program that serves Historically Black Colleges and Universities (HBCUs) to allow these institutions to use no more than two percent of funds received through their grant to secure technical assistance, for use with enrollment management, financial management and strategic planning. The bill also requires that these institutions report to the Secretary on the use of those funds. As with the other programs that assist minority serving institutions, the bill allows HBCUs to use their funds for the development and improvement of facilities for Internet and other distance learning academic instruction capabilities. H.R. 609 permits HBCUs to use their funds to establish community outreach programs and collaborative partnerships between their institution and elementary and secondary schools. Lastly, the bill increases the minimum grant for HBCUs from $500,000 to $750,000 provided funds are available to provide eligible institutions a grant equal to the preceding year.

Historically Black Graduate Institutions

H.R. 609 amends the Historically Black Graduate Institutions (HBGIs) program to ensure that the institution receiving an HBGI grant is accredited by a national accrediting agency recognized by the Secretary and is in good standing with that agency. The bill adds four new eligible institutions to the HBGI program and maintains the current hold harmless funding provisions.

Technical amendments to Title III

H.R. 609 amends the uses of funds for all of the programs that award funds to minority-serving institutions under this title to encourage education and counseling services for students and their families that will improve their financial and economic literacy. Additionally, all minority serving institutions can use funds to acquire real property adjacent to the campus for the expansion and development of academic facilities. The bill also ensures that eligible programs under this title are those that provide not less than a two-year program that is acceptable for full credit toward a bachelor's degree.

Title IV—Student Assistance

Title IV of H.R. 609 amends provisions and programs under title IV (Student Assistance) of the Higher Education Act and reauthorizes title IV through fiscal year 2011, unless otherwise specified.

Pell Grant program

H.R. 609 amends the Pell Grant program by extending the authorization through academic year 2012–2013 and establishes a maximum grant award of $6,000. The bill eliminates the tuition sensitivity provision. The bill provides for year-round Pell Grants for students enrolled for 12 consecutive months, rather than 9 consecutive months in order to accelerate program completion. Year-round Pell Grants are limited to four-year institutions that have a graduation rate of at least 30 percent and two-year institutions that have a graduation rate in at least one of the last three years for which data is available that exceeds the average for the sector. The bill requires an evaluation of the year-round Pell Grant program and a report by the Secretary to the Congress. H.R. 609 restricts the use of Pell Grants for remedial or ESL instruction to one academic year. H.R. 609 also limits the number of semesters or quarters a student may receive a Pell Grant to 18 semesters or 27 quarters.

The bill creates a new initiative called Pell Grants Plus—Achievement Grants for State Scholars. This initiative will provide for up to an additional $1,000 for the first two years of full-time undergraduate study to Pell-eligible, high achieving students. To be eligible to receive the additional $1,000 for the first-year of postsecondary study, a student must be enrolled full-time in the first year of undergraduate education and not have been previously enrolled in an undergraduate program. The student must also be Pell eligible and have successfully completed a high school program supported by the Center for State Scholars. This award, along with other aid for which the student is eligible, may not exceed the student's cost of attendance. To continue eligibility for the second year of undergraduate study, the student must continue to be Pell-eligible, be enrolled full time and obtain a grade point average of at least 3.0 and fulfill satisfactory academic progress. The Secretary will monitor the progress, retention, and completion of these students to evaluate the impact of this program and provide recommendations to the authorizing committees for its continuation or necessary changes.

TRIO program

H.R. 609 reauthorizes the TRIO program and extends TRIO grants to five years and synchronizes the grants to a five-year term. The bill also increases the minimum award amount for TRIO grants. H.R. 609 allows for a competition among novice TRIO applicants to provide an opportunity for institutions that have never received a TRIO grant to compete for funds. The provision requires the Secretary to put aside ten percent of the funds available for each competition for novice applicants. If there are not enough qualified novice applicants to utilize the ten percent, the bill directs the funds to be returned to the general TRIO fund for other awards. H.R. 609 ensures that all veterans and individuals who are defined as homeless or unaccompanied youth will be eligible to par-

ticipate in TRIO provided services. The bill also clarifies that institutions with more than one campus may apply for separate grants to serve different populations on different campuses. The bill increases stipends for students in Upward Bound and the McNair Postbaccalaureate Achievement Program. Throughout the TRIO programs, the bill authorizes funds to be used for education and counseling services to improve financial and economic literacy of students and families who are assisted by TRIO funds. Additionally, the bill calls for Educational Opportunity Centers and Student Support Services to provide services to low-income working adults. The bill also establishes new performance measures for TRIO grantees, which will help the Secretary and the Congress measure the quality and effectiveness of programs and the impact the programs are having on the target populations to be served.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

H.R. 609 reauthorizes the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) and provides assurances that entities currently holding GEAR UP grants may reapply upon expiration of their grant. Additionally, the bill allows GEAR UP services to be provided to students coming out of a GEAR UP cohort and transitioning into postsecondary education. The bill requires that GEAR UP applications include a description of activities in place to coordinate, complement and enhance services provided by other State entities. H.R. 609 authorizes funds to be used for education and counseling services to improve financial and economic literacy of students and families who are assisted by GEAR UP funds. The bill clarifies individuals who are defined as homeless or unaccompanied youth are eligible to participate in GEAR UP programs. Finally, H.R. 609 clarifies that the duration of a GEAR UP grant is for six years.

Campus based aid programs

H.R. 609 reauthorizes all three campus based aid programs: Supplemental Educational Opportunity Grants (SEOG), Federal Work Study and the Perkins loan program. The bill provides for a phase out of the base guarantee for the allocation of campus based aid funds to eligible institutions beginning in 2008. Base guarantee funds decrease by 20 percent every two years and are replaced by funds awarded by the fair share formula calculation. Should the funds in the SEOG and Federal Work Study programs exceed $700 million, the bill gives the Secretary the discretion to allocate not more than 10 percent of such funds to institutions that graduate degree-seeking Pell Grant recipients who complete a four-year degree in four years and a two-year degree in two years. Within all three campus based aid programs, the books and supplies allowance is increased in the determination of the cost of attendance. Within the Federal Work Study program, the bill allows student employment in on-campus day care centers to count toward community service jobs for work-study students. The bill also permits up to 15 percent or $75,000 of an institution's allocation, whichever is less, to be used to locate and develop jobs for students, including community service jobs. H.R. 609 makes technical and clarifying corrections to the work college provisions.

Leveraging Educational Assistance Partnerships; Child Care Access Means Parents in School

H.R. 609 reauthorizes the Leveraging Educational Assistance Partnerships (LEAP) program and the Child Care Access Means Parents in School program.

High School Equivalency Program; College Assistance Migrant Program

H.R. 609 reauthorizes the High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). The bill expands services to those with family members who are migrant or seasonal farm workers, and allows for follow-up services. H.R. 609 encourages that funds be used for HEP students who are in programs of two-years or less to transfer to four-year institutions.

Robert C. Byrd Honors Scholarship Program

The bill reauthorizes the Byrd Scholarship Program and amends the emphasis of the program to focus more intently on the math and science related disciplines. The program is renamed to the Robert C. Byrd Mathematics and Science Honors Scholarship Program.

Learning Anytime Anywhere Partnerships

H.R. 609 repeals the Learning Anytime Anywhere Partnerships program.

Federal Family Education Loan (FFEL) & Direct Loan (DL) programs

The Federal Family Education Loan (FFEL) program is reauthorized through fiscal year 2011 and the insurance provisions are reauthorized through fiscal year 2012. The Direct Loan (DL) program is also reauthorized through fiscal year 2011. H.R. 609 provides a small increase to the maximum amount of funds that are available to guaranty agencies for administrative purposes included in section 458 of the Higher Education Act, while maintaining current authorized levels for the overall administration of the student aid programs.

H.R. 609 increases the annual maximum loan limits in both the FFEL and DL programs for first and second year college students from $2,625 to $3,500 and from $3,500 to $4,500, respectively, beginning with loans issued on or after July 1, 2007. The bill also clarifies that underlying loans that have been wrapped into a consolidation loan will still count against the borrower's aggregate loan limits. Finally, H.R. 609 increases the annual unsubsidized graduate loan limits in both the FFEL and DL programs from $10,000 to $12,000.

The bill retains the variable rate formula for both the FFEL and DL programs and repeals the change in Stafford loan and PLUS loan interest rates scheduled for July 1, 2006.

Beginning on July 1, 2006, the bill changes the interest rates on consolidation loans in both the FFEL and DL programs to offer the borrower a choice between a fixed interest rate or a variable interest rate. The fixed interest rate is equal to the 91-day Treasury bill + 3.3 percent, capped at 8.25 percent and includes a one-time fixed

rate offset fee of 0.50 percent. The variable interest rate is equal to the 91-day Treasury bill + 2.3 percent, capped at 8.25 percent. The fixed interest rate for PLUS loans is equal to the 91-day Treasury bill + 4.1 percent, capped at 9.0 percent and includes a one-time fixed rate offset fee of 0.50 percent. The variable interest rate for PLUS loans is equal to the 91-day Treasury bill + 3.1 percent, capped at 9.0 percent.

H.R. 609 retains a provision from current law that limits the number of times a borrower can consolidate his loans; however, the bill does allow a borrower to move into the DL program for purposes of avoiding default by utilizing income contingent repayment. The bill also eliminates in-school consolidation in the FFEL program and closes a loophole in the consolidation loan program that permits borrowers to re-consolidate by switching between the FFEL and DL programs. H.R. 609 eliminates the single holder rule but requires that a borrower notify the holder of his loans of his intent to consolidate if all of the loans are held by one lender. In addition, the bill requires lenders provide the borrowers with more information, such as the benefits the borrower could be losing by consolidating, when the borrower requests to consolidate his loans. Taken together, these two reforms give greater flexibility for borrowers to choose their consolidation lender and ensure the borrowers are given all the information about the advantages and disadvantages of consolidating his loans.

The bill makes several conforming and technical amendments within the special allowance section. The bill also requires lenders to rebate to the government their "floor income." Floor income is a benefit to lenders that takes place when the fluctuating guaranteed rate of return for lenders is lower than the fluctuating borrower interest rate. During this period, current law permits the lender to keep the higher amount being paid by the borrower, rather than just retaining the lender's guaranteed rate of return. H.R. 609 requires the lender only receive its guaranteed rate of return and rebate to the government the difference between lender yield and the borrower's interest rate, when the borrower rate is higher.

H.R. 609 also permanently closes the 9.5 percent subsidy by extending the Taxpayer-Teacher Protection Act (P.L. 108–409) and shutting down the ability of lenders to recycle additional loans to gain the minimum 9.5 percent special allowance.

H.R. 609 requires guaranty agencies to charge the one percent Federal default fee on loans disbursed on or after July 1, 2006. This fee is already included in current law, but the guaranty agencies have the ability to waive the fee. The fee will be deposited in the guaranty agencies' Federal Student Loan Reserve fund. The bill also phases down the origination fee charged on FFEL Stafford loans from three percent to zero percent over the course of the reauthorization. H.R. 609 also phases down the origination fee required on Direct Loans from the statutorily required four percent to one percent by 2010. The bill also prohibits the Secretary of Education from waiving this fee as a repayment incentive and prohibits any sort of repayment incentive being given prior to the borrower entering repayment. By 2010, students will only be charged a one percent fee on their student loans in both the FFEL and the DL programs.

To prevent against further fraud and abuse within the student loan program, H.R. 609 requires the disbursement of Federal loan funds to students attending foreign schools to be sent to the institution.

The bill aligns the DL extended repayment plan with the FFEL extended repayment plan. The bill also requires a borrower to take into account his or her spouse's income when determining income for purposes of the income contingent repayment plans. H.R. 609 also creates a new interest only repayment plan under which the borrower would only pay the interest on the loan for the first two years. This plan was created in both the FFEL and Direct Loan programs.

The bill adds a new deferment option for student loan borrowers (either in the FFEL or DL program) that are serving in the U.S. Armed Forces.

H.R. 609 authorizes additional areas for discretionary loan forgiveness in both the FFEL and DL programs, including early childhood educators, nurses, foreign language specialists, librarians, bilingual educators, first responders in low income areas, child welfare workers, speech language pathologists and other areas of national need as designated by the Secretary.

The bill also makes permanent mandatory teacher loan forgiveness for highly qualified math, science and special education teachers teaching in public or private schools and adds a new teacher loan forgiveness option for reading specialists. The bill increases risk sharing for the lenders and guarantors in the FFEL program by lowering the lender insurance from 98 percent to 96 percent and the guarantor reinsurance from 95 percent to 93 percent. H.R. 609 also grants 100 percent insurance for claims with respect to loans for which it is determined that the borrower, without the lender's knowledge, provided false information when the loan was made that caused the loan to be ineligible for interest benefits under the Federal loan programs. The bill also tightens the requirements on the exceptional performance program and lowers the insurance from 100 percent to 98 percent. H.R. 609 lowers the amount guarantors are permitted to keep as collection costs from 18.5 percent to 10 percent if the borrower consolidates a defaulted loan rather than pursuing rehabilitation. In addition, H.R. 609 imposes a limit of 45 percent on the amount of a guarantor's collections portfolio that can be in consolidation loans. The bill also lowers the number of payments for a borrower to rehabilitate the loan from 12 to 9 and infuses more requirements of financial literacy into borrower education initiatives.

H.R. 609 adds a provision that requires parents to repay loan funds obtained by fraud before any additional funds can be taken out if the parents are convicted of fraud in the student loan programs.

The school as lender program provisions are reformed to clarify that schools can only lend to graduate students and any profits made by the school must be put toward need based aid.

To ease the burden on student loan borrowers that are already facing formidable challenges due to a disability, H.R. 609 provides that if the Veterans Administration or the Social Security Administration determines an individual to be totally and permanently disabled, the Secretary of Education shall accept that determination

and the borrower need not provide the Secretary of Education with additional paperwork for the discharge of student loan obligations.

H.R. 609 also eliminates the requirement that a forbearance agreement be in writing in the FFEL and DL programs, and instead requires that a notice of forbearance agreement be sent to the borrower and kept in the borrower's file.

Teacher loan forgiveness

H.R. 609 makes permanent an increase in the allowable maximum loan forgiveness for math, science, special education teachers and reading specialists in the FFEL and the DL programs from $5,000 to $17,500. This loan forgiveness was originally included for one year in the Taxpayer-Teacher Protection Act of 2004 (P.L. 108–409). This increased loan forgiveness is available for highly qualified math, science and special education teachers and reading specialists teaching in high need, title I schools. The loan forgiveness passed by the Congress last year, and made permanent in H.R. 609, coordinates the requirement for teachers to be highly qualified, as well as the poverty level for school wide programs, as defined in the No Child Left Behind Act, with eligibility for all teacher loan forgiveness.

Perkins loan program

The Perkins loan program is reauthorized through fiscal year 2011. As with the other two campus based aid programs, the base guarantee is also phased out for the Perkins loan program and the allocation of funds is replaced with the fair share formula calculation. H.R. 609 increases the annual maximum loan limits from $4,000 to $5,500 for undergraduates and from $6,000 to $8,000 for graduate or professional students. Additionally, the aggregate loan limits are increased from $20,000 to $27,500 for undergraduates and from $40,000 to $60,000 for graduate and professional students. The bill conforms forbearance requirements in Perkins to FFEL and DL to state that a borrower need not request the forbearance in writing. H.R. 609 also allows institutions to negotiate compromise payments on defaulted Perkins loans. The bill conforms the rehabilitation provision in Perkins to that in FFEL and DL by requiring 9 on-time, consecutive monthly payments, rather than 12. H.R. 609 also allows for greater cancellation opportunities for members of the Armed Services and gives them the same consideration as is given to teachers, full-time law enforcement officers and nurses.

Need analysis

H.R. 609 simplifies and expands the eligibility of families to utilize the Simplified Needs Test for need analysis to include those already receiving benefits under a means-tested Federal benefit program, which is defined in the bill. The bill also authorizes the Secretary to regularly evaluate the impact of these eligibility guidelines and ensure that the Simplified Needs Test continues to be targeted to the maximum number of low- and moderate-income students as possible.

H.R. 609 calls for improvements to the paper and electronic Free Application for Federal Student Aid (FAFSA). The bill directs the Secretary to permit applicants to complete their FAFSA in the

three years prior to enrollment in order to obtain a non-binding estimate of the family contribution. The bill also authorizes an evaluation by the Secretary to determine differences between initial, non-binding early estimates and the final financial aid award made to the student. Additionally, H.R. 609 authorizes the Secretary to develop and use a simplified paper application form to be known as the EZ-FAFSA for applicants who meet the requirements of eligibility for the Simplified Needs Test. The Secretary shall annually report to Congress on the impact of the digital divide on students completing applications for Federal student aid and also report on the steps taken to phase out the paper form as barriers to the electronic form are eliminated. In addition to the EZ-FAFSA, the Secretary shall develop and use a simplified electronic application with reduced data elements and state data that only applies to the applicant.

For all forms, the Secretary shall ensure that data collection complies with privacy requirements and that all forms developed shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information.

H.R. 609 authorizes a streamlined reapplication process for students and further encourages the Secretary to work to reduce the number of data elements on the FAFSA. The Secretary shall encourage States to take such steps as necessary to encourage the use of simplified application forms and conduct an annual review to determine which forms and data items the States require to award need-based State aid to applicants.

The bill makes clear that the FAFSA, in whatever form it is produced, shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing or delivery of financial aid through the use of the FAFSA.

The bill clarifies that a student who is an orphan, in foster care, or is a ward of the court, or was in foster care or a ward of the court until the age of 18, is considered an independent student. H.R. 609 also treats active duty members of the military as independent students for the purposes of need analysis. H.R. 609 clarifies that a student's status as a ward of the court prior to 18 years of age, a student's status as an individual adopted at or after age 13, or a student's status as a homeless or unaccompanied youth can be considered as a "special circumstance" for the purposes of awarding title IV Federal financial aid.

The bill increases the dependent student work protection allowance from $2,200 to $3,000. H.R. 609 excludes distributions from eligible 529 plans from counting as income or a resource and equalizes the treatment of both tuition savings plans and pre-paid tuition plans in the need analysis formula. Under the bill, plans will be treated as assets of the parents for dependent students and assets of the student for independent students. H.R. 609 provides for an exception to be made to the need analysis formula for families that own small businesses that employ less than 100 full-time equivalent employees. The bill also provides for a clarification to the need analysis formula for students who receive a stipend from their State as a replacement for the direct appropriation of funds to the institution of higher education.

Definitions of academic year and eligible program

H.R. 609 provides simplification for clock hour schools within the definition of an academic year in terms of the number of weeks required. The bill reduces a 30-week requirement to 26 weeks, while retaining the requirement for 900 hours to constitute a full academic year. Additionally, the bill recognizes that an eligible program can include an instructional program that utilizes direct assessment of student learning, in lieu of credit or clock hours.

Distance education

The bill amends the definition of distance education as an eligible program for title IV student aid purposes as a program that is offered in whole or part through telecommunications, if provided by an accredited institution of higher education, other than a foreign school. The accreditor that accredits the institution must have the evaluation of distance education within its scope. The bill eliminates the connection between correspondence and telecommunications for the purposes of the repeal of the 50 percent rule and title IV program participation.

Expanding information dissemination regarding eligibility for Pell Grants

H.R. 609 requires the Secretary to make a special effort to notify students and parents who qualify for free lunch, food stamps, or other such programs, of their potential eligibility for a maximum Pell Grant.

Student eligibility

The bill amends various provisions concerning student eligibility. Students who are convicted of title IV program fraud are required to repay the funds they fraudulently obtained to the Secretary or the holder of the loan. Second, individuals who are subject to involuntary civil commitments upon completion of a period of incarceration for sexual offenses are not eligible for Pell Grants. Third, the bill clarifies eligibility for students from the Freely Associated States for Pell Grants.

H.R. 609 authorizes the Secretary of Education to work with the Secretary of the Treasury to provide for an IRS data match.

The bill clarifies that the suspension of eligibility for drug offense convictions occurs only for those students enrolled in an institution of higher education and receiving title IV aid when convicted of their offense. H.R. 609 also requires the institution of higher education to inform students of the possibility of suspension of eligibility for title IV aid for drug related offenses.

Institutional refunds

H.R. 609 allows an institution of higher education to contact a student who may be eligible for a late disbursement of loan funds and get the borrower's agreement before disbursing the funds. The bill also provides an institution with 45 days from the date of determination that a student has withdrawn to return loan funds. H.R. 609 permits the Secretary to waive the amounts that students are required to return to the government with respect to Pell Grant funds if the withdrawal is due to a major disaster, declared by the President.

Institutional and financial assistance information for students

The bill ensures that institutional and financial assistance information that is provided to students is made publicly available through appropriate publications, mailings, electronic media, and accrediting agency reports. H.R. 609 expands the information an institution provides to students regarding academic programs to include the institution's educational mission and goals. Additionally, the institution is responsible for providing the student with a summary of student outcomes for full time undergraduate students that includes completion and graduation rates of certificate and degree-seeking students, as well as any additional qualitative or quantitative outcome data reflective of distance education outcomes or licensing and placement rates for professional and vocational programs. The bill provides students the opportunity to register complaints about the institution with the institution or programmatic accreditor. H.R. 609 requires the institution to notify the student regarding the acceptance or denial of academic credit earned at another institution of higher education and maintain a policy that the denial of credit will not be based solely on the source of accreditation of a sending institution, provided that the sending institution is accredited by an agency or association that is recognized by the Secretary.

The bill does clarify that the provision does not authorize any employee at the Department of Education to exercise any direction, supervision, or control over the curriculum, program of instruction, administration or personnel of any institution of higher education or any accrediting agency or association regarding the transfer of credit policy. H.R. 609 permits institutions to provide supplemental data to enrolled and prospective students that demonstrate evidence of student participation in educationally purposeful activities.

The bill requires institutions of higher education to include in their exit counseling materials the same consumer protection language required by lenders with regard to consolidation loans. H.R. 609 also clarifies that foreign institutions are not required to report data dealing with campus crime, as these institutions do not utilize similar crime definitions and do not abide by similar reporting requirements as domestic institutions of higher education.

H.R. 609 requires institutions of higher education to file a fire safety report with the Secretary detailing campus fire safety practices and standards.

College Access Initiative

The bill creates a new section, the College Access Initiative that is intended to provide outreach and better information regarding student financial aid and access programs to students and their families. The College Access Initiative requires guaranty agencies to gather information on programs and student aid available in the State in which they are designated. That information must be made available to the public and reported to the Secretary to establish a directory of programs and provide for access to the information through the Internet and any other means determined by the Secretary. Each guaranty agency shall establish a plan to gather and disseminate the information required and the plan shall in-

clude how the agency will undertake the task, how it will publicize the information gathered, and how it will coordinate with other entities in the State. Information collected by the guarantors will include resources on college planning, career preparation and paying for college. Guarantors may utilize funds from their operating fund and if any funds remain, they may use funds from their former restricted accounts.

Distance Education Demonstration Program

H.R. 609 reauthorizes and amends the Distance Education Demonstration Program to allow up to five degree-granting, accredited correspondence schools to participate. The bill also increases the number of institutional and consortium participants from 35 to 100.

College Affordability Demonstration Program

The bill authorizes a College Affordability Demonstration Program that will foster increased innovation in the delivery of higher education and student financial aid in a manner that results in reduced costs for students as well as the institution. Strategies that can be employed could include: accelerated degree or program completion, increasing availability of and access to distance education, and engaging in collaborative arrangements with other institutions and organizations. The College Affordability Demonstration Program is open to no more than 100 institutions of higher education, including those applying as part of systems or consortia and does not include foreign schools. At the conclusion of the Demonstration, the Secretary shall review current law rules and regulations and identify those that present impediments to the implementation of innovations that result in cost savings and in expanding access to education.

Program Participation Agreements

The bill clarifies that an institution of higher education is permitted to provide voter registration materials electronically to enrolled students.

The bill also amends the Program Participation Agreement (PPA) by moving the 90/10 rule for proprietary institutions from eligibility criteria for the for-profit sector to the PPA and further defining the 10 percent portion of the ratio. The new 90/10 rule now applies to all institutions of higher education and counts the following funds toward the 10 percent: (1) funds used by students to pay tuition, fees and other institutional charges from sources other than title IV funds; (2) institutional funds used to satisfy matching-fund requirements for programs under title IV; (3) funds from savings plans for educational expenses established by the Internal Revenue Code of 1986; (4) funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under title IV; and (5) institutional aid (in the case of loans, only the amount of loan repayment received during the fiscal year and in the case of institutional scholarships, only those provided by the institution in the form of monetary aid or tuition discounts). If the institution fails to comply with the 90/10 rule for three consecutive years, the institution shall become ineligible to participate in the title IV programs. The Sec-

retary may also place the institution on provisional certification or require other such monitoring and reporting that is necessary for the institution to demonstrate compliance. The Secretary shall identify on the College Opportunities On-Line (COOL) website those institutions that fail to meet the 90/10 rule in any given year.

H.R. 609 also requires institutions of higher education, within one year of the date of enactment, to disclose to an alleged victim of any crime of violence or non-forcible sex offense, the final results of any disciplinary proceeding. If the victim is deceased, that information shall be disclosed to the victim's next of kin.

Program integrity

H.R. 609 permits States to be able to apply to the Secretary for approval as a recognized accreditor.

The bill clarifies that accreditors who seek to have distance education in the scope of their accrediting process must demonstrate to the Secretary that the accreditation agency's or association's standards effectively address the quality of an institution's distance education programs, but the accreditors are not required to have separate standards, procedures, or policies for the evaluation of distance education or programs. The bill also requires that an institution that offers distance education programs have processes by which it establishes that the student who registers in a distance education course or program is the same student who participates, completes academic work, and receives academic credit. H.R. 609 ensures that accrediting agencies or associations shall take into account the institution's stated missions, including religious values, when evaluating the institution for accreditation in a particular program.

H.R. 609 clarifies that student achievement success must be measured against the relevant performance data and measures that the institution determines to be necessary to evaluate or strengthen its programs. The bill also clarifies that the accreditor must take into consideration fiscal administrative capacity and board governance, in the context of the institution's mission, when evaluating an institution.

In order to clarify the due process protections provided to the institution by the accrediting process, H.R. 609 calls for accrediting agencies and associations to establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings that comply with due process requirements. These requirements include: (1) adequate specification of requirements and deficiencies at the institution or program being examined; (2) an opportunity for a written response by any such institution to be included in the evaluation and withdrawal proceedings; (3) an opportunity for the institution to appeal any adverse action at a hearing prior to such action becoming final before an appeals panel; and (4) the right to representation by counsel for an institution.

The bill requires accrediting agencies and associations to make public a summary of agency or association actions including final denial, withdrawal, suspension or termination of accreditation or any other final adverse action taken with respect to an institution.

H.R. 609 amends the accrediting agency and association operating procedures to include a provision under which agencies and

associations confirm that institutions have transfer of credit policies that are publicly disclosed and do not call for the denial of credit transfer based solely on the accreditor of the sending institution as long as the agency or association is recognized by the Secretary of Education. Additionally, accrediting agencies and associations are required to develop a brief summary, which should be made available to the public that details final adverse actions against institutions of higher education. The agencies and associations are also required to monitor the enrollment growth of distance education programs to ensure that an institution experiencing significant growth has the capacity to serve its students effectively. H.R. 609 also requires that the agencies and associations publicly disclose a list of the individuals who comprise the evaluation teams and a description of the agency's process for selecting, preparing and evaluating its evaluation team volunteers; as well as any statements related to the accreditation responsibilities of such individuals. Lastly, the bill requires that the agency or association review any record of student complaints received. The Secretary is required to provide the Congress with an annual report on the status of any accreditation agency or association whose evaluation scope has been limited, or that has been suspended or terminated from recognition.

During program reviews, H.R. 609 requires the Secretary to provide the institution with adequate opportunity to review and respond to any program review report or audit finding before the final program review or audit determination is reached. Additionally, the bill requires the Secretary to take into consideration the institution's response in any final program review or audit determination. Under the bill, the Secretary shall include in the response a written statement addressing the institution's response and stating the basis for the final determination. H.R. 609 also requires that the Secretary maintain and preserve at all times the confidentiality of any program review report or audit finding until a final program review or audit determination has been issued. Lastly, the bill requires that the authority to approve or issue any program review report or audit finding, preliminary or otherwise that exceeds $500,000 not be delegated to any officer other than the Chief Operating Officer of Federal Student Aid at the Department of Education.

Report to Congress on prevention of fraud and abuse in student financial aid programs

H.R. 609 authorizes the Secretary to commission a nonpartisan, comprehensive study on the prevention of fraud and abuse in title IV student financial aid programs and report the results to Congress not later than December 31, 2007.

Title V—Developing Institutions

Title V of H.R. 609 amends provisions and programs under title V (Developing Institutions) of the Higher Education Act and reauthorizes title V through fiscal year 2011.

H.R. 609 amends the definition of an eligible Hispanic Serving Institution (HSI) and clarifies when an institution's eligibility is determined. The bill also requires that the institution offer not less than a two-year program that is eligible for credit toward a bach-

elor's degree in order to be eligible under title V. H.R. 609 also provides for a use of funds that will allow these institutions to use their grant funds to educate or counsel students and their families on economic and financial literacy. The bill will also allow HSIs to acquire real property adjacent to the campus with title V funds. Additionally, the bill allows these institutions to use their grant funds to establish community outreach programs and partnerships between HSIs and local elementary and secondary schools. H.R. 609 repeals the two-year wait out period for HSIs. The bill also establishes a graduate program for HSIs.

Title VI—International Education

Title VI of H.R. 609 amends the programs under title VI (International Education Programs) of the Higher Education Act and reauthorizes title VI through fiscal year 2011.

The bill creates a new International Education Advisory Board for all title VI programs to increase accountability by providing advice, counsel, and recommendations to the Secretary of Education and the Congress on international education issues for higher education. H.R. 609 also requires the Secretary of Education to take into account the degree to which activities of the centers, programs, and fellowships at institutions funded by title VI advance national interests, generate and disseminate information, and foster debate on international issues from diverse perspectives.

In order to ensure that students of all ages are exposed to international education, the bill encourages and strengthens international knowledge at all stages of education by allowing centers and programs funded by title VI to serve as a national resource for courses and materials for use in elementary and secondary schools.

The bill allows more of the overall title VI funds to be used for undergraduate education and also permits 10 percent of a project's funds to be used for sending undergraduate students on educational programs abroad. Additionally, the bill stresses the importance for institutions to promote the safety of students in study abroad programs.

Noting that minority serving institutions may not have the capacity to provide matching funds for the programs under title VI, the bill adds a special rule to the programs in the title that allows the Secretary to waive or reduce the non-Federal match for Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribally Controlled Colleges and Universities, and Alaska-Native and Native-Hawaiian Serving institutions.

The bill clarifies that the Institute for International Public Policy (IIPP) include all underrepresented populations in its program in order to enhance participation in international service. The International Studies in Higher Education Act also names students who participate in graduate or undergraduate internship programs through the IIPP as the "Ralph J. Bunche Fellows."

Title VII—Graduate Education

Title VII of H.R. 609 amends the programs under title VII (Graduate Education Programs) of the Higher Education Act and reauthorizes title VII through fiscal year 2011.

Jacob K. Javits Fellowship Program

The bill permits military personnel to interrupt Javits fellowship study when called to active duty, and requires the Javits fellowship board to include members from diverse geographic regions as well as at least one representative from a minority serving institution. The bill aligns the stipends for Javits fellowships to the National Science Foundation (NSF) Graduate Research Fellowship program.

Graduate Assistance in Areas of National Need

Within the Graduate Assistance in Areas of National Need (GAANN) program, the bill establishes a competitive priority for grants to those preparing math, science and special education faculty, as well as those preparing faculty to teach teachers of limited English proficient individuals. The bill aligns the stipends for GAANN fellowships to the NSF Graduate Research Fellowship program.

The Thurgood Marshall Legal Educational Opportunity Program

The College Access and Opportunity Act clarifies the grant authority within the Thurgood Marshall Program.

Fund for the Improvement of Postsecondary Education (FIPSE)

The bill encourages the recognition of innovative reform programs with the Fund for the Improvement of Postsecondary Education (FIPSE) program for non-traditional student populations and programs that work to improve secondary school and college graduation rates. The bill also provides for special projects within FIPSE to include partnerships to develop dual enrollment programs and articulation agreements; international partnerships with postsecondary institutions abroad; encourages the establishment of academic programs that teach traditional American history; and provide funds for institutions of higher education that want to provide services to disadvantaged communities.

Urban Community Service program

The bill repeals the Urban Community Service program.

Demonstration Projects to Ensure Students with Disabilities Receive a Quality Higher Education

The bill provides for new authority within the Demonstration Projects to Ensure Students with Disabilities Receive a Quality Higher Education Program to assist with students' transition between secondary and postsecondary education.

Title VIII—Clerical amendments

Title VIII makes technical and clerical amendments to the Act.

Title IX—Amendments to other education laws

Education of the Deaf Act of 1986

Title IX of H.R. 609 amends multiple education laws. The first is the Education of the Deaf Act of 1986, which authorizes and provides support for Gallaudet University and the National Technical

Institute for the Deaf (NTID). H.R. 609 reauthorizes the Education of the Deaf Act of 1986 through 2011 and includes amendments to several provisions of the Act.

First, H.R. 609 identifies the Laurent Clerc National Deaf Education Center as the entity responsible for K–12 education programs at Gallaudet University. Second, the bill requires Gallaudet University to develop academic content standards, academic achievement standards, and academic assessments consistent with the No Child Left Behind Act for the elementary and secondary programs operated at the Laurent Clerc National Deaf Education Center. Third, the bill deletes the unnecessary definition of "institution of higher education." Fourth, the bill slightly alters the reporting requirements for the NTID and Gallaudet University to require information about the disposition of students within one year of graduation or completion of their program. Fifth, the bill codifies the relationship between the Secretary of Education and the Rochester Institute of Technology for the operation of the NTID. Sixth, the bill includes several technical amendments, including updates to references to the authorizing committees of Congress. And, finally, the bill changes the name of the Act to the "Gallaudet University and National Technical Institute for the Deaf Act."

Cancellation of student loan debt for survivors of victims of the September 11, 2001 attacks

H.R. 609 provides for cancellation of student loan debt for survivors of victims of the September 11, 2001 terrorist attacks.

Repeals of expired and executed provisions

The bill repeals the following provisions from the Higher Education Act Amendments of 1998: the Study of Market Mechanisms in Federal Student Loan Programs, the Study of Feasibility of Alternative Financial Instruments for Determining Lender Yields, the Student Related Debt Study, the Study of Opportunities for Participation in Athletic Programs, the Community Scholarship Mobilization program, the Incarcerated Youth program, the Improving United States Understanding of Science, Engineering, and Technology in East Asia program, and the Web-Based Education Commission.

Extensions of authorizations and studies

H.R. 609 extends the authorizations for the Transfer of Credit study, the Cohort Default Rate study, the Violence Against Women program, and the Underground Railroad program.

Tribally Controlled College or University Assistance Act of 1978; Navajo Community College Act; Education Amendments of 1992

The bill reauthorizes the Tribally Controlled College or University Assistance Act of 1978 and makes clarifying changes to provisions concerning Indian student count and accreditation. H.R. 609 reauthorizes the Navajo Community College Act and the provisions in the Education Amendments of 1992.

Studies and Sense of the Committee

H.R. 609 authorizes four new studies, including: a Study of Student Learning Outcomes and Public Accountability, a Study of Minority Graduation Rates, a Study of Education-Related Indebtedness of Medical School Graduates, and a Study of Adult Learners. The bill also contains a Sense of the Committee on Education and the Workforce regarding college textbook prices.

COMMITTEE VIEWS

In 1965, the Higher Education Act was established as a means to help low- and middle-income students gain access to college. The Higher Education Act represented the vision that a college education should be available to students from all walks of life, from across geographic regions, and from varying financial circumstances. The Higher Education Act was not created as a new postsecondary infrastructure to support or control colleges and universities; the investment was and still is primarily targeted to students themselves. The Higher Education Act is unique in its focus on providing students with a portable funding source that they may use at the institution of their choosing, modeling the success that can be achieved through authentic educational choice.

Since its inception four decades ago, the Higher Education Act has provided hundreds of billions of dollars to students, as well as significant resources to colleges and universities themselves. The Higher Education Act is responsible for helping generations of American students successfully complete postsecondary studies and reap the benefits that come with higher education. Yet despite this clear success, the Committee believes the Higher Education Act has failed to achieve a fundamental goal: lowering the cost of a college education. For every increase in Federal student aid, it seems there is a larger increase in college tuition. The result is an unending spiral of financial confusion that leaves far too many American students unable to pursue a college education.

The Committee believes reauthorization of the Higher Education Act is a vital opportunity to reassess the effectiveness of the Federal investment in higher education; realign our priorities to ensure the focus of the Higher Education Act is students; and redefine what it means to hold colleges and universities accountable. Policymakers have an opportunity—and an obligation—to enact meaningful reforms on behalf of American students, families, and taxpayers.

The College Access and Opportunity Act, H.R. 609, reflects four principles for reform that guided the Committee's efforts throughout the reauthorization process. Those principles are: affordability, accessibility, accountability, and quality.

The first principle, affordability, cannot be achieved through Federal intervention alone. Colleges and universities, states and local communities, business interests, and students and parents must all work together to develop solutions to the affordability crisis in American higher education. However, there is a Federal role to play, and to that end, H.R. 609 seeks to make postsecondary education more affordable through two distinct approaches. First, the bill strengthens and updates the Federal student aid programs to better reflect the current higher education climate. Second, the bill

shines a spotlight on the college cost issue to empower consumers as they make decisions in the college marketplace.

The second principle, accessibility, also requires input and involvement from all higher education stakeholders. While affordability is one key to accessibility, the issue of college access is not simply a question of cost. To expand college access, H.R. 609 includes a multitude of reforms aimed at meeting the needs of nontraditional college students. The face of the higher education population is changing, and Federal programs must be flexible and dynamic in serving the growing number of Americans from differing backgrounds pursuing higher education. The College Access and Opportunity Act adds new flexibility to allow programs and institutions to serve the changing needs of their students. The bill embraces advances in technology such as distance learning that can open the doors of higher education to new segments of the population. The Committee also believes college access is not just about getting students in the door, but ensuring their persistence and success. For that reason, the bill seeks to break down barriers to college credit transferability to allow an increasingly mobile student population to plan ahead to transfer from one institution to another and ultimately complete their education.

The third principle, accountability, is a term that has become almost synonymous with education reform in recent years. However, accountability has a different connotation in the context of higher education than that commonly associated with K–12 education reform. In higher education, accountability can be best understood as a means for higher education consumers—students and parents, as well as all American taxpayers—to access information. It is often said that knowledge is power, and in higher education, the Committee believes that adage holds true. By providing consumers with access to information, they will be empowered with the knowledge they need to make their own best decisions in the college marketplace. The very nature of Federal higher education support—primarily a portable funding source that students spend at the institution of their choosing—demands that accountability will be in service to that consumer.

Finally, the fourth principle, quality, must be understood within the realm of the vast diversity of America's higher education system. There is no single, standard measure of quality that can be applied to all institutions or sectors of higher education. Institutions have differing missions. Students have differing goals within their postsecondary pursuits, and as such, seek differing measures by which they may judge quality. For these reasons, the Committee believes there cannot be a single Federal measure of quality, but rather the Federal government can help facilitate opportunities for institutions, students, and the public to make their own determinations of what constitutes a quality higher education. To that end, H.R. 609 focuses on greater transparency within the accreditation process and for the data colleges and universities report to the Federal government and made available to the public.

Education beyond high school is becoming increasingly vital to the success of individual Americans, and to our society as a whole. As the Committee helps shape the future of higher education policy, it must bear in mind the vast growth in higher education participation that is yet to come. H.R. 609 will help update America's

higher education system to meet the challenges of the future, and to ensure the Federal investment in higher education continues to be as effective and efficient as it can be.

Historically speaking, and perhaps even more so today, Federal involvement in higher education is primarily viewed in financial terms. The Committee believes this emphasis on funding has both positive and negative implications for students and taxpayers. On the positive side, the Committee strongly believes that what has made the Higher Education Act so effective is that it targets funds directly to students. The Higher Education Act is a shining example of how educational freedom encourages competition and serves students by allowing them to make decisions about what educational opportunity will best meet their needs. On the negative side, the Committee believes the vast Federal investment has allowed America's higher education system to become complacent in its efforts to expand service, increase efficiency, hold down costs, and increase quality. Some would even argue that the infusion of Federal resources has stifled the type of innovation and competition that would exist in a more demand-driven system that was not so dependent on third-party payments.

Funding for higher education has indeed gone up dramatically in recent years. According to information from the College Board in its 2004 Trends in Student Aid report, Federally supported student aid programs have increased by 152 percent in the last decade. This includes increases in Pell Grants, Supplemental Educational Opportunity Grants, Federal Work Study, support for veterans and other military personnel, and student loans. As the cornerstone of the need-based Federal student aid programs, the increases in the Pell Grant program are striking. Since Republicans gained control of the House of Representatives in 1995, total Pell Grant funding has doubled, increasing from $6.2 billion to $12.4 billion for fiscal year 2005 and the maximum Pell Grant award has increased from $2,340 to $4,050 in that same period.

The Committee is proud of the financial commitment Congress has demonstrated in recent years toward higher education. This support will continue. However, the Committee is concerned that the value of this investment may be diminished by a lack of market discipline, meaningful competition, and consumer awareness. As such, the Committee believes that while the financial focus of the Higher Education Act is important to its success, there is also a need to refocus on the aforementioned principles of access, accountability, affordability, and quality.

Title I—General provisions

Through the College Access and Opportunity Act, the Committee intends to restore fairness to the Higher Education Act in its treatment of students from varying backgrounds pursuing the common goal of accessing and succeeding in postsecondary education. A college degree is viewed by many as the gateway to the American Dream, and the Committee believes students should be treated fairly and equitably as they strive for their goals. In title I of H.R. 609, the Committee seeks to: call upon the higher education community to engage in efforts to rein in the dramatic tuition increases that threaten college access for low- and middle-income students; ensure fair recognition for institutions of higher education and the

students they serve; protect students' rights and individual privacy; recognize the unique circumstances of students educated in non-traditional settings such as home schools; emphasize the importance of alcohol education; and ensure the protection of individual students' personal information.

College cost

A college education has long been viewed as a ticket to prosperity, the gateway to the American Dream. Today, higher education is playing a more vital role than ever in shaping our nation's competitiveness. However, America's higher education system is in crisis. Decades of uncontrolled cost increases are pushing the dream of a college degree further out of reach for needy students. The crisis requires a dramatic response. According to a 2002 report from the Advisory Committee on Student Financial Assistance, cost factors prevent 48 percent of college-qualified high school graduates from attending a four-year institution, and 22 percent from attending any college at all. The statistics are similarly bleak for middle income students and families. At this rate, by the end of the decade, more than two million college-qualified students will be completely denied the opportunity for a postsecondary education.

The Committee believes the college cost explosion is a disturbing trend and one that cannot be allowed to continue. Education, the great equalizer in our country, can bridge social, economic, racial and geographic divides like no other force. Parents, students and taxpayers are investing billions of dollars in higher education each year, and institutions of higher education must be accountable for ensuring that they are getting a quality return on that investment.

For four decades, the Federal government has provided significant funding to help ensure that students from low- and moderate-income families are not prevented from receiving a postsecondary education simply because of financial circumstances. It is estimated by the Department of Education that this year alone the Federal government is investing more than $70 billion in financial aid awarded directly to students through grants, Federally-guaranteed loans, work-study opportunities, and various other financial assistance programs. The Pell Grant program, which is the foundation of need-based student aid, has received record support in the past ten years under Republican-controlled Congresses. Additionally, total program funding has doubled, the maximum Pell Grant award has increased significantly, and more students than ever before are gaining access to a college education with the help of Pell Grants.

There is no question that the Federal contribution to student aid programs has been significant, and has increased much more quickly than the rate of inflation in order to keep pace with college costs. However, college costs have risen dramatically over the past three decades, and even the immense Federal contribution has struggled to keep pace with skyrocketing tuition increases. On April 19, 2005, the Committee held a hearing to examine the issue of "College Access: Is Government Part of the Solution; or Part of the Problem?" During the hearing, members of Congress heard from Dr. Richard Vedder, Distinguished Professor of Economics at Ohio University:

> There are two sectors of the economy where the federal government involves itself heavily in financing private transactions, namely health care and higher education. It is not a coincidence that these are the two sectors with the greatest amount of price inflation in modern times. When the federal government increases subsidized student loans, gives a Pell Grant, or grants a tuition tax credit, it increases the number of students wishing to attend college at any given tuition fee. Indeed, that is the idea—the federal government wants to provide access to persons who might not otherwise go to college for financial reasons. In short, federal policies increase the demand for education relative to the supply, which pushes prices or tuition fees up.

The idea of affordability in higher education is not a new one, particularly for members of Congress. In 1997, Congress established the National Commission on the Cost of Higher Education. The Commission was to study the many factors surrounding the rising costs of education, including trends associated with those increases and all of the factors that go into those costs. It was also to examine the extent to which increases in institutional financial aid and tuition discounting affected tuition increases. In its 1998 report, "Straight Talk about College Costs and Prices," the Commission cautioned:

> Financing a college education is a serious and troublesome matter to the American people. Members of the Commission are equally convinced that if this public concern continues, and if colleges and universities do not take steps to reduce their costs, policymakers at the Federal and state levels will intervene and take up the task for them.

While the recommendations of the Commission have been available since 1998, little progress has been made toward implementing the strategies outlined to help rein in escalating college costs. The Committee believes that if the college cost crisis is to be resolved, a good faith effort must be made by institutions of higher education and the greater higher education community to acknowledge the problem and work toward solutions. Additionally, it is the Committee's view that keeping college affordable will help Federal student aid go further for students and families and ensure that more students can realize the dream of a higher education. In the Commission's 1998 report to Congress, the Commission reported that:

> Institutions of higher education, even to most people in the academy, are financially opaque. Academic institutions have made little effort, either on campus or off, to make themselves more transparent, to explain their finances. As a result, there is no readily available information about college costs and prices nor is there a common national reporting standard for either.

Although tuition and fee increases are clearly a nationwide problem affecting students and families in all types of institutions and courses of study, it is important to highlight success as well as fail-

ure. Many institutions of higher education, facing the same economic circumstances as the rest of the higher education community, have chosen not to rapidly increase tuition, and instead explore cost reduction measures, find improvements in administrative efficiency, and work toward numerous other strategies that seek proactive solutions to keep college affordable. During the July 10, 2003 hearing in front of the Subcommittee on 21st Century Competitiveness, entitled, "Affordability in Higher Education: We Know There's a Problem; What's the Solution?," Dr. Rolf Wegenke, President of the Wisconsin Association of Independent Colleges and Universities (WAICU) testified about his association's improvements in cost-effectiveness, which has become a national model, and stated that:

> The WAICU Collaboration Project is a comprehensive initiative to perform all administrative support (back office) functions of Wisconsin's 20 private colleges and universities on a collaborative basis. The objectives are to save money, to improve the quality of services to students, faculty, and staff, and to serve as a national model for controlling college costs. This project moves beyond incrementalism. Never before in history have private colleges and universities considered as extensive a consolidation of functions short of an actual merger. It sends a message to the entire nation that something transformative has taken place.

The Committee believes that the college cost crisis is unlikely to be solved by good intentions alone. Rather, solutions will come from an increased awareness, understanding, and commitment from the higher education community to not only acknowledge the problem but work toward addressing it, and broad cooperative efforts from all stakeholders in higher education to make a concerted effort to improve the affordability of higher education in America.

The College Affordability Index established in H.R. 609 was an outgrowth of the concern over the ever-rising cost of postsecondary education. H.R. 609 requires the Secretary to ensure data regarding college costs is available in an easily understandable and accessible format. The College Affordability Index is simply a means to take existing information and present it to students and families in a new format that can be useful and accessible as they make decisions about what institutions of higher education to attend. This index provides an apples-to-apples comparison of tuition growth compared to the growth in the Consumer Price Index (CPI).

Colleges and universities are already reporting on their increases in tuition and fees. The College Affordability Index simply compares that data to a widely-accepted standard for measuring inflation, the CPI. The College Affordability Index does not determine the quality of education, but it does allow students and their families to determine what they can or cannot afford when making decisions about what could be their largest financial investment. Simply stated, if an institution of higher education increases its tuition and fees more than two times the CPI for an interval of three years, it warrants additional attention.

The requirements in the bill simply ask that an institution of higher education provide additional information to allow for a clear

and informed decision by consumers. If a student decides to attend an institution that increases tuition and fees that exceed the College Affordability Index, they do so fully aware and educated. It is the Committee's position that the Federal government does not currently have the authority to dictate tuition and fee rates for institutions of higher education. Under H.R. 609, that current practice remains the same—the Federal government does not have the ability to set tuition and fee rates for colleges and universities. The provisions in the bill simply serve as a means by which additional information can be provided to students and their families so they can make informed and educated decisions about their postsecondary education options based on trends in college costs.

H.R. 609 provides needed comprehensive solutions to help address college costs. The College Affordability Index infuses some accountability and understandability to cost increases, but the bill does much more than that. Additionally, the bill seeks to proactively assist institutions of higher education to find innovative solutions that will keep college affordable and creates a College Affordability Demonstration initiative, which provides 100 institutions of higher education with the opportunity to waive statutory or regulatory provisions that could lead the institution to lower costs and operating expenses.

In a time when the cost of higher education continues to skyrocket, families have the right to see in a clear and uniform manner how much an institution of higher education raises its tuition and fees.

Single definition

For many non-traditional college students, alternative postsecondary education options such as community colleges, degree-granting or certificate programs, proprietary schools, and distance learning programs provide an important alternative gateway to a college education. The College Access and Opportunity Act updates legal definitions within the Higher Education Act to ensure all eligible institutions are recognized fully as institutions of higher education. The current dual definition results in a tiered system that implies some institutions are less worthy than others, or may not have the same standing as part of our nation's higher education system when it comes to providing opportunities to students. During the June 16, 2004 hearing on, "H.R. 4283, the College Access and Opportunity Act: Are Students at Proprietary Institutions Treated Equitably Under Current Law," Mr. David Moore, Chairman and Chief Executive Officer of Corinthian Colleges, Inc., stated:

> A single definition would send an important signal to these students that for-profit institutions represent an equally valid option for the pursuit of their higher education and training. It would say to these students that, if they choose to seek the education, training, and skills that they need to become productive members of the economy at these institutions, they will not be regarded under federal law as second class citizens.

The Committee believes in simply combining the two current institutional definitions into one single, straightforward definition of

an institution of higher education while ensuring funds historically awarded to community colleges and minority serving institutions are preserved for these types of institutions. Money that is awarded to institutions under title III programs, mainly community colleges, and title V programs, Hispanic-Serving Institutions (HSIs), would not be available for award to for-profit institutions under H.R. 609. The bill clarifies that outside of the Higher Education Act, proprietary institutions will not automatically gain eligibility for program participation, but policymakers will determine on a case-by-case basis which sectors are eligible to receive Federal funds.

Reforms such as the single definition of an institution of higher education are a priority for the Committee, as they create a level playing field for all sectors of higher education. Proprietary, or for-profit, institutions of higher education have become mainstream players in the world of higher education options for students. These institutions have existed since the 17th century, providing quick training in many professional disciplines. The modern-day proprietary colleges began to crop up on the higher education landscape after World War II. The expanded Federal role in financing post-secondary education through student financial aid, beginning with the Higher Education Act of 1972 and the introduction of direct grants to students now known as Pell grants, created incentives for the entry and expansion of a wide range of proprietary schools and expanded opportunities for students to attend college.

Today, there are over 4,500 private for-profit institutions educating millions of students in a wide range of occupational programs, both degree- and non degree-granting. Most for-profit institutions offer degrees previously considered to be the domain of traditional colleges and universities. Complex and converging forces, including demographic trends, shifts in the job market, technological developments, and demands on higher education from ongoing reforms and innovations have contributed to the growth of the proprietary sector and have created a phenomenal demand for higher education providers that the traditional sector cannot meet alone.

Student speech and association rights

The Committee believes it is critical that students and members of the campus community are able to exercise their right to speak freely and express their views in organizations and events on campus. Therefore, the Committee amended the existing Sense of Congress on Student Speech and Association Rights to ensure that institutions of higher education are protecting these rights for students. These rights include that students should be judged solely on their knowledge and reasoned answers; that student funds should be used to present diverse views at campus events, lectures and programs; that institutions should present students with an array of material in the instructional setting that include dissenting views; and that students should not be unfairly punished because of their ideology or political beliefs.

Further, the Committee recognizes that a good education involves free academic inquiry and thought in all fields of study. There is evidence to suggest, however, that both faculty and students have been harassed or discriminated against because of the

expression of their personal or professional judgments, opinions or beliefs that may be considered political, ideological or religious. Sometimes these opinions or beliefs may, in fact, be well-researched and intellectually informed, but because they are deemed controversial, the faculty or students who hold these beliefs may be harassed or limited in some way from academic or professional advancement. The Committee believes that such discrimination discourages the type of intellectual curiosity necessary for a free, democratic society to flourish and encourages universities to promote intellectual pluralism within the context of the university's institutional mission.

Home-school students

A growing number of Americans are receiving their elementary and secondary education in a non-public, private, or non-traditional campus setting. These programs are a valuable part of our nation's efforts to prepare its youth for the demands of a modern society. For example, the Committee recognizes that home schooling is an effective and popular means of educating an estimated two million students and is a legal educational option available to parents and students in all 50 states. Home schools comply with states' compulsory attendance laws through specific home school provisions or through provisions applying to private schools. Students educated in these non-public, private, or non-traditional schools acquire four years of academic requirements, generally graduate with all the requirements of a college preparatory diploma, and have a record of nationally standardized achievement scores well above the national average, including college admissions tests.

However, these non-traditional settings frequently do not offer a seamless fit with traditional transcript formats and admissions standards at institutions of higher education. Unfortunately, some state university systems and individual colleges and universities have failed to positively address this issue, despite clear and specific language in the 1998 Committee Report on the Higher Education Act reauthorization. The Committee understands that some community colleges, individual colleges and universities, and state university systems continue to require applicants from home school settings to submit scores from additional standardized tests in lieu of a transcript or diploma from an accredited high school. The Committee strongly urges these institutions to take note of the changes in this bill that accord the same admissions standing for students graduating from a home school setting and specifically clarify that these students have satisfied secondary education standards.

The Committee recognizes students graduate from a home school setting as high school graduates and recommends that institutions of higher education adopt admissions policies and practices that reflect this recognition. Given that standardized test scores (ACT or SAT) and portfolios provide a sound basis for an admission decision regarding these students, the Committee recommends that colleges and universities consider using these methods for assessing applicants educated in home school settings rather than requiring them to undergo additional types of testing which could be seen as discriminating against these specific students and may have the effect of discouraging these students from applying to certain institu-

tions, decreasing the diversity of opinions and backgrounds that most institutions strive to achieve.

Accordingly, the Committee believes that in determining requirements for admission, an institution of higher education that receives Federal funds shall make every effort to evaluate and treat applicants from home school settings fairly and in a non-discriminatory manner. The Committee further encourages institutions and systems of higher education to continue to adopt admissions policies that reflect this sense of the Committee, and to engage in a dialogue with parents, students and other representatives of the home school community regarding admissions policies that will best serve the educational interests of home school graduates.

Alcohol and drug abuse

College and university presidents have cited alcohol consumption as a major health problem on college and university campuses. According to the National Institute on Alcohol Abuse and Alcoholism, two of 5 college students are binge drinkers, and 1,700 college students die each year from alcohol-related injuries, the vast majority of whom are killed in traffic accidents in which the victims or their friends were driving drunk or impaired. Department of Education figures indicate that between 30 and 40 percent of college and university students are below the age of 21, and cannot legally consume alcohol.

Advertising for alcoholic beverages, like all advertising, can be seen by underage individuals even though they may not be the intended audience. The Congress has urged all colleges and universities to adopt policies limiting the advertisement and promotion of alcoholic beverages on campus. Although a causal link between advertising and youth consumption has not been established, it is the opinion of the Committee that ongoing efforts are necessary to ensure that alcohol advertising and marketing remains directed at adult audiences. This recommendation is consistent with existing voluntary advertising codes and is not predicated on the argument that banning the advertising will, in itself, reduce the prevalence and intensity of drinking among underage college students. Instead, the objective is to declare and affirm colleges' genuine and consistent commitment to a policy of discouraging alcohol use among underage students.

In addition to urging conscientious adherence to voluntary advertising codes, the Committee urges all interested parties to continue to build upon existing public-private partnerships to restrict access to illegal underage individuals, encourage the use of designated drivers, and other measures that would improve the safety of students, residents of surrounding communities, and all citizens using our highways.

Unit record system prohibition

The Committee believes that students pursuing higher education have an expectation of basic privacy protections, and that students should not be forced to relinquish their fundamental privacy rights as a condition of attending an institution of higher education. Further, the Committee disagrees with claims that the only means of assuring accountability in higher education is to collect and maintain a vast, Federal database of private, personally identifiable in-

formation about all students enrolled in higher education. Accountability is among the core principles identified by the Committee to help guide higher education reform, and the Committee believes accountability will be achieved by placing more information about colleges and universities into the hands of students—not by placing information about students into a massive new database that could compromise fundamental privacy protections.

The Committee understands that the longitudinal sample surveys carried out by the National Center for Education Statistics, such as the Baccalaureate and Beyond Study, the Beginning Post-Secondary Study, and the National Postsecondary Student Aid Survey, involve the voluntary participation of samples of students rather than the collection of extensive, personally identifiable data on all students, and thus are not subject to the prohibition.

Title II—Teacher preparation

The caliber of teacher education programs has come under increased scrutiny over the past several years. Among other things, teacher preparation programs have been criticized for providing prospective teachers with inadequate time to learn subject matter; for teaching a superficial curriculum; and for being unduly fragmented, with courses not linked to practice teaching and with education faculty isolated from their arts and sciences faculty colleagues. In particular, there have been concerns about high rates of failure of recent teacher college graduates on initial licensing or certification exams. According to the Congressional Research Service, one of the most publicly reported instances of high failure rates was in 1998 when 59 percent of prospective teachers in Massachusetts failed that State's new certification exam. The results raised questions about the quality of the preparation and training prospective teachers had received from teacher preparation programs at institutions of higher education across the State.

In January 2002, President Bush signed into law the No Child Left Behind Act, the bipartisan education reform package that has infused accountability for results into K–12 education in America. The No Child Left Behind Act calls for a highly qualified teacher in every public school classroom by the end of the 2005–2006 school year. In order to be highly qualified, a teacher must obtain full State certification, a bachelor's degree, and be able to demonstrate a high level of competency in all subjects taught (by passing a rigorous State assessment, completing an academic major for each subject taught, or participating in a State approved review process).

Title II of H.R. 609 seeks to meet the call of the No Child Left Behind Act to place a highly qualified teacher in every classroom by making improvements that will help ensure teacher training programs are producing well-prepared teachers who meet the needs of America's students. H.R. 609 takes the important step of aligning teacher training programs under title II of the Higher Education Act with the high standards for teacher quality found in the bipartisan No Child Left Behind Act. This bill will help to ensure that teacher training programs are fulfilling their obligation to those seeking to enter the teaching profession—an obligation to ensure that teachers are well-prepared to teach when they enter the classroom.

In general, H.R. 609 continues the current law structure of title II of the Higher Education Act and authorizes three types of competitive grants that each play a unique, yet critical role in the education of tomorrow's teachers. Under the Higher Education Act, 45 percent of the funds are reserved for State grants, which must be used to reform teacher preparation requirements and ensure that current and future teachers are highly qualified; 45 percent of the funds are reserved for partnership grants, which allow effective partners to join together, combining strengths and resources to train highly qualified teachers to achieve success where it matters most—in the classroom; and 10 percent of the funds are reserved for teacher recruitment grants, which will help bring high quality individuals into teacher programs, and ultimately put more highly qualified teachers into classrooms.

State grants

H.R. 609 authorizes States to use funds to design (or redesign) teacher preparation programs so they are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State academic content standards. As a result, States will be able to strengthen teacher preparation programs by setting higher standards for what potential teachers need to learn as part of their instruction and ensure more teachers leave these programs ready to meet the "highly qualified" definition for teachers established under the No Child Left Behind Act.

On May 20, 2003, the Subcommittee on 21st Century Competitiveness held a hearing entitled "America's Teacher Colleges: Are They Making the Grade?" The purpose of this hearing was to discuss whether teacher colleges and other teacher preparation programs are producing a high quality teaching force. Kati Haycock, Director of the Education Trust, testified during the hearing that:

> Discussions of teacher quality are inadequately informed by data regarding what makes the biggest difference in student learning. As the U.S. Government Accountability Office has reported, the U.S. Department of Education has granted almost half a billion dollars ($460 million) in HEA Title II funds but there is no consistent, reliable way to evaluate the effect of these grants on raising student achievement. State Grants should be limited to states that are willing to establish data systems to evaluate the efficacy of teacher training programs and professional development activities on improving teacher effectiveness. Ultimately, states should be in a position to evaluate their success in terms of hard data indicating whether various activities helped raise student achievement.

Accordingly, H.R. 609 adds a new State grant evaluation provision that requires States that accept grants under the Act to develop evaluation systems to determine the effectiveness of grant activities. Specifically, these new systems will evaluate the effectiveness of teacher preparation programs and professional development activities within the State in producing gains in: (1) the teacher's annual contribution to improving student academic achievement, as measured by State academic assessments required under section

1111 of the No Child Left Behind Act; and (2) teacher mastery of the academic subjects they teach, as measured by pre- and post-participation tests of teacher knowledge.

The College Access and Opportunity Act recognizes that flexibility should exist in the methods used for training highly qualified teachers and allows funds to be used for innovative methods in teacher preparation programs, such as charter colleges of education and university and local educational agency partnership schools, which can provide an alternative gateway for teachers to become highly qualified.

Under H.R. 609, States have the flexibility to set up charter colleges of education that function in a manner similar to elementary and secondary charter schools except that they would prepare highly qualified teachers in a higher education setting. These charter colleges of education will exchange flexibility in meeting State requirements for institutional commitments to produce results-based outcomes for teacher education graduates—measured based on increased student academic achievement. The Committee is aware of at least three institutions of higher education that have created charter colleges: the Charter College of Education at California State University, Los Angeles, California; the Charter School of Education and Human Sciences at Berry College in Mount Berry, Georgia; and the Charter Teacher Education Program at Fort Valley State University in Fort Valley, Georgia.

On October, 9, 2002, the Subcommittee on 21st Century Competitiveness held a hearing in Washington, D.C. entitled "Training Tomorrow's Teachers: Ensuring a Quality Postsecondary Education." Dr. Allen Mori, Dean of the Charter College of Education at California State University, Los Angeles, California, testified before the Subcommittee and noted that:

> The Charter College of Education is clearly on the cutting edge of high quality teacher preparation in the 21st century. Spurred by the Title II requirements to improve teacher education, faculty was determined to build world-class teacher preparation programs to meet the needs of the ethnically and linguistically diverse urban community of the Los Angeles basin. This context is a powerful theme in both the subject matter and teacher preparation curriculum.

Specifically, the language in H.R. 609 allows States to use funds for the planning and implementation of charter colleges of education that: (1) permit flexibility in meeting State requirements as long as graduates, during their initial years in the profession, increase student academic achievement; (2) provide long-term data gathered from teachers' performance over multiple years in the classroom on the ability to increase student academic achievement; (3) ensure high-quality preparation of teachers from underrepresented groups; and (4) create performance measures that can be used to document the effectiveness of innovative methods for preparing highly qualified teachers.

The Committee recognizes that there are other innovative approaches to teacher preparation, such as university and local educational agency partnership schools, which will support and encourage institutions of higher education to establish K–12 schools of ex-

cellence in partnership with local educational agencies. These partnership schools will utilize the assets of the institution of higher education, the local educational agency, and the community in order to introduce new models for learning that are founded on research-based practices, rigorous academic content, and high standards.

States can also use their grant funds to provide prospective teachers with alternative routes to traditional preparation to become highly qualified teachers and achieve State certification. Such approaches will help to reduce unnecessary barriers to State certification and offer alternative routes to State teacher certification for qualified individuals, including mid-career professionals from other occupations, former military personnel, and recent college graduates with records of academic distinction. The Committee notes that alternative routes to State certification, as opposed to traditional teacher preparation programs administered by colleges of education, can streamline the State certification process and help to move competent and qualified candidates into the classroom in an expeditious manner.

There are several well-known programs nationwide that recruit highly qualified candidates using alternative routes to State certification, including the Troops to Teachers program. This program provides financial assistance and training to retiring military personnel and helps to place them in local school districts, thus providing a new source of teachers to schools across the country. According to the National Center for Education Information, teachers certified through alternative routes also bring diversity to the classroom and are more apt to take challenging assignments. In particular, the Center found that 90 percent of teachers in the Troops to Teachers program are male, compared to just 26 percent in the overall teaching force and about 30 percent of teachers in the program are from a minority or ethnic group, compared to just 10 percent overall.

Another popular and successful program associated with alternative routes to teaching is Teach for America. This nationwide nonprofit organization recruits accomplished college graduates without formal backgrounds in education to teach in high-need urban and rural schools. Candidates apply to the program and, if selected, attend a summer training course before being placed in school districts across the country. Teach for America and the host school districts provide new teachers with support during the two-year program, after which some teachers return to graduate school, transfer to other professions or continue teaching. Since its inception in 1990, Teach for America has placed more than 12,000 talented young men and women in some of our nation's most disadvantaged schools.

The Committee also recognizes the potential for an improved teaching force through the American Board for Certification of Teacher Excellence, which provides a nationally recognized, high quality credential to attract the best and the brightest into the classroom. This certification has also been recognized by the Congress—in section 2151(c)(2) of the Elementary and Secondary Education Act of 1965—as one of the nationally recognized doorways into the teaching profession. The American Board is a rigorous way to open the doors for highly qualified candidates—including profes-

sionals who may want to enter teaching from other fields. Because the rigor of the exam its candidates will be required to take, American Board certified teachers have to prove that they not only have a mastery of their subject matter, but also the professional knowledge to become successful and highly qualified teachers. The American Board offers two types of teacher certification: a "Passport to Teaching," which is available for career changers and prospective new teachers and "Master Certification," which is targeted toward extraordinary educators who are already in the teaching profession and have a demonstrated record of accomplishment in improving student academic achievement.

The Committee notes that the key to producing highly qualified teachers is not the path by which they travel, but the destination they reach. Teachers trained through innovative options, or certified through alternate means, will still be held to the same standards of accountability and quality, but will not be constrained by artificial requirements that could place barriers between high quality individuals and the classrooms where they are desperately needed. H.R. 609 takes the important step of recognizing that individuals seeking to enter the teaching profession often have varied backgrounds—and by creating flexible approaches that step outside the box, these individuals can become highly qualified teachers through training programs as unique as their individual experiences.

H.R. 609 authorizes State grant, partnership grant, and teacher recruitment grant programs for the development and implementation of mechanisms to assist local educational agencies in recruiting and retaining highly qualified teachers. The Committee notes that the authorized activities under these programs provide significant flexibility for States and partnerships to design innovative initiatives to recruit and retain highly qualified teachers. The Committee wants to make clear that funds under these programs may be used to cover moving expenses to secure employment of highly qualified teachers and provide other financial assistance necessary to purchase a home (including mortgage application fees and closing costs). The Committee recognizes this use of grant funds as an appropriate way to attract and retain highly qualified teachers.

Partnership grants

Under H.R. 609, each eligible partnership seeking assistance under the Act must include at least: (1) a high quality teacher preparation program at an institution of higher education; (2) a school of arts and sciences; (3) a high need local educational agency; and (4) a public or private educational organization. The Committee believes that these expanded partnership grants will bring diverse expertise together for the common goal of placing highly qualified teachers in the classrooms of high need school districts. The Committee is requiring participation by a public or private educational organization in each partnership because varied expertise in areas such as teacher preparation, certification, test preparation, and others can bring added dimensions that benefit school districts, teachers, and most importantly, students. Some public or private educational entities may be particularly skilled at working with disadvantaged students and can help make teachers more successful in teaching to standards with challenging student popu-

lations. Other organizations may be adept at helping students master concepts critical to their achievement on high quality assessments. The Committee supports a flexible approach and believes it would be impossible to define every valuable service that may be offered by a "public or private educational organization" to a partnership under this program. Limiting the potential participants is a disservice to the partnership concept and decreases the ability of school districts and teacher preparation programs to make local decisions about the best ways to improve teacher quality and increase student academic achievement. The Committee also notes that public and private educational organizations that participate in the partnership should have the capacity to offer high quality services that respond to the needs of the partnership.

The College Access and Opportunity Act requires partnership grant applicants to describe how faculty of a teacher preparation program at an institution of higher education that seeks a partnership grant will serve with highly qualified teachers in the classroom at partner local educational agencies over the term of the grant. The Committee believes this increased interaction between teaching faculty and teachers in the classroom will provide additional insight into the needs of everyday teachers. In addition, H.R. 609 requires that at least 50 percent of partnership funds be used to "directly benefit" partner local educational agencies and clarifies that any entity under the partnership may be the fiscal agent of such partnership. It is the intent of the Committee that partner local educational agencies actively participate in the application process and support any proposed grant activities as described in such partnership applications. Provisions in H.R. 609 are designed to ensure that each partner local educational agency has the ability to influence grant activities and guarantee that partnership activities focus on the needs of teachers and students in the classroom.

Accountability

While current higher education law contains annual reporting requirements, these reporting measures have proven ineffective in determining the true quality of teacher preparation programs. In fact, under the current law reporting requirements (as required under title II of P.L. 105–244, the Higher Education Act Amendments of 1998) many States and teacher preparation programs have, either intentionally or unintentionally, submitted skewed and irrelevant data. Under current law, teacher preparation programs at institutions of higher education must report the percentage of graduates who successfully pass the State certification or licensure assessments.

However, most institutions have simply made completion of their program contingent upon passage of these assessments. This practice masks the number of students who are not adequately prepared by the institution to pass these tests in the first place. The Committee is discouraged by this reporting loophole that some teacher preparation programs at institutions of higher education have used to circumvent current law accountability provisions. Accordingly, the College Access and Opportunity Act includes improved accountability provisions that will strengthen reporting measures and hold teacher preparation programs (for both tradi-

tional and alternative programs) accountable for providing accurate and useful information.

H.R. 609 requires each State that receives funds under the Act to annually report to the Secretary (for both traditional and alternative teacher preparation programs) on the percentage of students who completed at least 50 percent of the requirements for teacher preparation programs that go on to take and pass the State certification or licensure assessment. These State report cards on the quality of teacher preparation must also report on the State-determined passing score of that assessment and disaggregate and rank each teacher preparation program in the State based on such data.

In addition, each teacher preparation program that enrolls students receiving Federal assistance under the Higher Education Act must report annually to the State and the general public: (1) the pass rate of each student who completed at least 50 percent of the requirements for the teacher preparation program on the State certification or licensure assessment; (2) a comparison of the program's pass rate with the average pass rate for other programs in the State; and (3) a comparison of the program's average raw score with the average raw scores for other programs in the State.

The Committee directs institutions of higher education and other teacher preparation programs that receive grants under the College Access and Opportunity Act to report effective data on the number of students that have spent a significant amount of time in teacher preparation programs (those who have completed at least half of the requirements of the teacher preparation program) and that have taken and passed State certification or licensure assessments. The Committee believes that effective reporting of such data will demonstrate which teacher preparation programs have added value to program participants (enabling such participants to pass State certification and licensure assessments) and that these improved reporting requirements will make it less likely that States will submit misleading data. Clarifying language in H.R. 609 (which focuses on students who have completed at least 50 percent of the requirements for a teacher preparation program) is specifically designed to eliminate the discrepancy in current law with regard to reporting requirements for "graduates" and "program completers." The Committee also believes that new data on average raw scores on State certification or licensure assessments will help to distinguish teacher preparation programs within States that report similar pass rate data.

Centers of Excellence

The demand for more ethnically and culturally diverse highly qualified teachers is critical, especially given the significant growth in the numbers of minority K–12 students across the country. Opportunities that increase the numbers of minority teachers and enhance their training, will support broader strategies to enhance instructional opportunities for, and can help to eliminate the achievement gaps of, minority students. Accordingly, H.R. 609 authorizes grants for the creation of Centers of Excellence at high quality minority serving institutions. The Committee believes that the Centers of Excellence will provide minority serving institutions that have a demonstrated record of preparing highly qualified teachers with a leadership role in recruiting and preparing highly qualified

teachers and increase opportunities for Americans of all educational, ethnic, economic, and geographic backgrounds to become highly qualified teachers.

In general, the purposes of these Centers are to increase teacher recruitment at minority serving institutions and make institutional improvements to teacher preparation programs at such institutions. Grants are competitively awarded to high quality teacher preparation programs (as determined by the State) at eligible institutions which include: Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribally Controlled Colleges and Universities, Alaska Native-Serving Institutions, or Native Hawaiian-Serving Institutions.

Promoting improved early childhood education

The reforms in H.R. 609 expand opportunities for increasing the number of early childhood education programs offered at institutions of higher education to prepare high quality pre-kindergarten teachers. The community college system is an important component of a professional development system for the early childhood education workforce. The Committee encourages States to do everything possible to ensure that a lack of articulation between two and four-year institutions does not require prospective early childhood education teachers to repeat coursework, which lengthens the amount of time it takes such teachers to obtain Bachelor's degrees in early childhood education and results in higher costs. Under H.R. 609, States could use funds to provide grants to institutions of higher education to implement articulation agreements that ensure there is no replication of coursework, and ensure students have the opportunity to make a smooth transition from an Associate's degree to a Bachelor's degree program in early childhood education.

Evidence suggests that early childhood education programs, including Head Start programs, struggle to recruit teachers with the language skills to implement research-based instructional strategies for limited English proficient children. The College Access and Opportunity Act will address this issue by improving opportunities for States to recruit bilingual early childhood education teachers and to increase the number of early childhood education teacher preparation programs for bilingual teachers. For example, a state could use grant funds to provide financial and academic support for bilingual or teachers of limited English proficient students seeking to comply with Head Start Bachelor's degree requirements.

Teacher Incentive Fund

One of the most important goals of the No Child Left Behind Act is to ensure that all public school students are taught by a highly qualified teacher, with a particular emphasis on ensuring that schools with high concentrations of low-income students are staffed by fully credentialed teachers that have a firm understanding of the subject area content knowledge they are imparting to students.

The Committee is concerned that the manner in which public school teachers are generally compensated (paying teachers according to a structured scale on the basis of their level of education and number of years in the classroom, even though neither of these fac-

tors is necessarily associated with better teaching or higher student achievement) may work against the goals in No Child Left Behind.

H.R. 609 addresses this issue by including language authorizing the Teacher Incentive Fund, a competitive grant program for State educational agencies, local educational agencies, or partnerships that include a non-profit organization. These grants would be used to design and implement performance based compensation systems that provide financial rewards for teachers and principals who demonstrate effectiveness in raising student achievement and closing the achievement gap, especially in our nation's highest need local educational agencies. Grantees will be allowed to determine the specifics of what these compensation systems look like as long as they are based primarily on gains in student academic achievement. A priority for high need local educational agencies is also included.

Grantees will be required to demonstrate a significant investment in, and ensure the sustainability of, the performance based compensation system funded by the Teacher Incentive Fund by committing to pay for an increasing share of the total cost of the project, for each year of the grant, with State, local, or other non-Federal funds. The Department of Education is also required to assess each funded project through an outside, independent evaluator, to ensure that Federal funds are being used to improve student outcomes.

The Committee is confident that the Teacher Incentive Fund will allow States and local educational agencies, along with their non-profit partners, to implement reforms to teacher compensation systems that will result in improved learning environments and increased academic achievement for our nation's neediest students.

Title III—Institutional aid

Title III of the Higher Education Act provides assistance to Historically Black Colleges and Universities (HBCUs) and other institutions of higher education that enroll large numbers of minority and low-income students. To be eligible for funds under title III, institutions must have low educational and general expenditures as compared to other similar institutions. H.R. 609 makes significant changes to title III, designed to expand the activities for which these institutions can use Federal funds.

Republicans have been committed to providing all minority serving institutions with the resources necessary to ensure students receive a high-quality postsecondary education. There is a strong, demonstrated record of increased funding for these institutions. HBCUs have received $238.6 million in fiscal year 2005, which represents a 29 percent increase since President George W. Bush took office in 2001. Since Republicans took control of the House of Representatives, funding for HBCUs has increased by almost 120 percent, from $109 million in fiscal year 1995 to $238.6 million in fiscal year 2005.

Funding for Historically Black Graduate Institutions (HBGIs) has increased by nearly 30 percent since President George W. Bush took office, from $45 million in fiscal year 2001 to $58 million in fiscal year 2005. Funding for HBGIs has increased by almost 200 percent since Republicans took control of the House of Representa-

tives, from $19.6 million in fiscal year 1995 to $58 million in fiscal year 2005.

Funding for Alaska Native and Native Hawaiian-serving institutions has increased by nearly 100 percent since President George W. Bush took office, from $6 million in fiscal year 2001 to $11.9 million in fiscal year 2005. When Republicans took control of the House of Representatives, Alaska Native and Native Hawaiian-serving institutions were receiving no Federal support. In fiscal year 2005, they received $11.9 million. Additionally, funding for Tribally Controlled Colleges and Universities (TCCUs) has increased by almost 60 percent since President George W. Bush took office, from $15 million in fiscal year 2001 to $23.8 million in fiscal year 2005. When Republicans took control of the House of Representatives, TCCUs were not receiving any Federal funding support under the Higher Education Act.

Authorized under title V of the Higher Education Act, Hispanic-Serving Institutions (HSIs) have seen an increase in funding by 39 percent since President George W. Bush took office, from $68.5 million in fiscal year 2001 to $95.1 million in fiscal year 2005. Funding for HSIs has increased by nearly 700 percent since Republicans took control of the House of Representatives, from $12 million in fiscal year 1995 to $95.1 million in fiscal year 2005.

Under the bill, all institutions under title III are able to use funds for the acquisition of real property adjacent to the campus of the institution on which to construct classrooms, libraries, laboratories and other instructional facilities. Additionally, the bill retains the ability for institutions to use their funds for construction, maintenance, renovation and improvement of instructional facilities. The Committee is concerned about the current state of many historically significant buildings on campuses that are designated as title III institutions. Many of these buildings are not only in need of renovation and updating; they are also in need of seismic reinforcement and substantial repair. The Committee believes that reinforcement and repair of these historical buildings is a type of construction, maintenance, renovation and improvement and that funds used for this purpose should be permitted by the Secretary.

Additionally, the bill ensures that all minority-serving institutions can use funds for the development or improvement of facilities for Internet use or other distance learning academic instruction capabilities as a way to expand access and increase the use of technology in the classroom. The bill also equalizes all of the uses of funds for title III institutions. One significant addition provides that each type of minority serving institution may use no more than 20 percent of their grant funds to establish or increase an endowment fund.

Tribally Controlled College and University Formula

The Committee believes that Tribally Controlled Colleges and Universities (TCCUs) would greatly benefit from a formula distribution of the title III development grants program. The formula established in H.R. 609 recognizes the needs of these unique institutions and the intent of the program. Many TCCUs operate on very small budgets and many rely on a patchwork of competitive grants for the funds to simply keep their doors open to students. These institutions are some of the neediest in the nation and as

such, they use a significant amount of resources to complete competitive applications for funds they receive year after year. The pool of eligible applicants for TCCU funds is small and is likely to remain below 50 institutions in the foreseeable future. The Committee believes that creating a simplified application process would enable these institutions to use their resources to directly serve students and improve the infrastructure and academic opportunities.

Historically Black Graduate Institutions (HBGIs)

The Committee believes that the addition of four Historically Black Graduate Institutions (HBGIs) will continue provide opportunities for growth in math and science fields where African American graduate students are underrepresented. It is the Committee's view that the both Master and Doctoral degree granting institutions are well-served by HBGI program funds. When distributing HBGI funds, there should be no distinction made as to which degree the eligible institution awards, so long as it is in a math or science related discipline in which African American students are underrepresented. The Committee also believes that only institutions in good standing with their institutional accreditor should be eligible for funds in order to best utilize the program resources.

Title IV—Student assistance

Through the Higher Education Act, the Federal government is providing more than $70 billion in direct financial aid to students in fiscal year 2005 alone. Those funds, provided through Pell Grants, student loans, and campus-based and other financial aid programs, are meant to help defray the cost of college and level the playing field so low- and middle-income students can access higher education opportunities like those available to higher income students.

The Federal student aid programs are meant to help offset some of the costs of higher education, yet considerable evidence exists showing that increases in student aid coincide with increases in college costs. As a result, student aid may be contributing to the very tuition increases it is intended to guard against. There is no simple remedy to this spiral of aid and cost increases. However, by gaining awareness of the correlation between aid and tuition growth, policymakers can have more informed conversations with higher education stakeholders as they work together to ensure college access for American students.

If the tuition explosion of the past decade has taught us anything, it is that simply pouring more money into the system is not a viable solution. To be sure, Federal financial aid is a critical component of our nation's higher education system. It can help bridge the gap between lower and higher income students, and provide even more access to postsecondary education and the possibilities it offers. But increased aid alone will not result in increased college access if the pattern of college cost increases at its current pace.

American taxpayers are already shouldering a tremendous higher education cost burden. In addition to the more than $70 billion annually in direct Federal student aid, Federal dollars support institutional aid, research, and a wide-range of programs outside the scope of the Higher Education Act but still involving colleges and

universities. In addition, a significant portion of state revenues are devoted to higher education subsidies. And even after all this taxpayer support, students and families must also contend with annual tuition and fee increases that grow at double-digit rates and squeeze family budgets to the breaking point.

The Committee believes that further investments in student aid must be made strategically, bearing in mind that more money alone will not result in more access to higher education for American students. H.R. 609 demands greater accountability, efficiency, and effectiveness from the existing student aid programs. The bill continues a long-standing effort to reduce red tape, eliminate unnecessary bureaucracy, and examine the underlying causes that drive up tuition. By reassessing current investments in higher education, the Committee believes the reforms contained in H.R. 609 will make better use of the massive Federal investment in higher education by expanding college access while simultaneously protecting the interests of all American taxpayers who are footing the bill.

FED UP

The Committee began to lay the groundwork for the College Access and Opportunity Act dating back to 2001 with an innovative, web-based outreach initiative that was a first-of-its-kind opportunity for higher education stakeholders across the nation to get involved in the reauthorization process. The Committee believed the first step in developing meaningful reforms was not simply to impose new regulations on top of the existing framework, but to identify ways to actually reduce red tape and bureaucracy for students, financial aid personnel, and colleges and universities. Known as the FED UP project, this bipartisan initiative was the first step toward developing a more efficient and effective Federal student aid system.

In that spirit, and in an effort to identify outdated, redundant, or overly burdensome provisions in title IV of the Higher Education Act and its regulations, the "Upping the Effectiveness of Our Federal Student Aid Programs," or "FED UP," was developed by 21st Century Competitiveness Subcommittee Chairman Howard P. "Buck" McKeon (R–CA) and the late Representative Patsy Mink (D–HI) in 2001. The project, which was launched in May 2001, solicited suggestions from the higher education community as to what provisions in the Higher Education Act and which regulations should be changed or eliminated and why. More than 3,000 responses were received and logged from loan professionals, financial aid officers, students, higher education associations and concerned citizens. The Department of Education completed a negotiated rulemaking session based on the proposals submitted through FED UP and released new regulations.

H.R. 609 continues the FED UP project to streamline the current student aid regulations. The legislation specifically addresses statutory changes that are necessary to relieve some of the administrative burdens on students, financial aid professionals, student loan providers and institutions of higher education, while providing clarification of other provisions currently in law. This opportunity to address technical and clerical amendments necessary to alleviate unnecessary burdens and confusion within the title IV programs

was supported widely by Members of Congress and all sectors of the higher education community. Some of the responses to the FED UP process from financial aid professionals include comments from student financial aid officers, trade associations and college presidents.

"FED UP is an example of how government should work," said David Sheridan, Dean of Enrollment Services at the Stevens Institute of Technology in New Jersey.

"Your FED UP initiative is a unique, cooperative effort to streamline and appropriately target aid to needy students. It has been most welcomed by our colleges and universities and we hope to see further positive results from your undertaking," said David Warren, President of the National Association of Independent Colleges and Universities (NAICU).

Jolene Koester, President of the California State University at Northridge said, "I am delighted to participate in this effort because I share your belief that the time, effort, and especially Federal dollars that are consumed in some of these processes could be better applied to more productive ends. We very much appreciate the opportunity to respond, and thank you for bringing the attention of your office to this important issue."

Pell Grants

The Federal Pell Grant program is the single largest source of grant aid for postsecondary education attendance funded by the Federal government. Congress has appropriated nearly $12.4 billion in fiscal year 2005 to serve about 5.3 million undergraduate students. The annual appropriations process sets the maximum award, currently at the historically high level of $4,050 for fiscal year 2005. Pell Grants are need-based aid intended to be the foundation for all Federal student aid awarded to undergraduates. The grants do not have to be repaid and are awarded to needy students and families who might not otherwise have the opportunity to pursue a college education. Although there is no absolute income threshold that determines who is eligible and who is ineligible for Pell Grants, recipients are primarily low-income.

Beginning in fiscal year 1973, the Pell Grant program has made the dream of college a reality for tens of millions of students. Funding for the Pell Grant program has increased dramatically over the past three decades, but even these significant funding increases have not been able to keep pace with the explosion in college costs. Tuition increases at institutions across the country have been regularly outpacing the rate of inflation by three to four times, and often more. The purchasing power of the Pell Grant has been largely impacted by the dramatic increase in tuition and fees in all sectors of American higher education. Tuition increases, if left unchecked, will continue to erode the great strides made by Congress in support of the Pell Grant program. That's why the issue of college costs must also be included in any discussion of higher education accessibility. In conjunction with efforts to address the larger issues that impact college affordability and accessibility, H.R. 609 includes important reforms to strengthen the Pell Grant program and provides necessary reforms to ensure that the nation's neediest students are able to continue to access a postsecondary education.

Since Republicans gained control of the House of Representatives in 1995, total Pell Grant funding has doubled, increasing from $6.2 billion to $12.4 billion for fiscal year 2005. In President Bush's first term, Pell Grant funding increased by $3.6 billion, an increase of more than 40 percent. Republicans have also significantly increased the Pell Grant maximum award. Since 1995, the Pell Grant maximum award has increased by 73 percent, from $2,340 to $4,050. The House of Representatives recently approved a spending bill for fiscal year 2006 that added more than $1 billion in total funding for the Pell Grant program to increase the total appropriation for the program to $13.4 billion and increased the maximum award to $4,100. This is a major accomplishment, since even incremental increases in the Pell Grant maximum award are costly. Budget estimates indicate that increasing the maximum award by $100 at current maximum award levels costs $420 million. In addition, in order to ensure that the Pell Grant program remains on solid financial ground, the House of Representatives passed a Labor-HHS-Education spending bill that pays off the $4.3 billion program shortfall and institutes a Pell Grant scoring rule, which ensures that the program will not run a deficit in future years.

Increased funding not only leads to increases in the maximum award—it also allows the program to serve a greater number of disadvantaged students. Since 1995, the number of students receiving Pell Grants has increased from 3.6 million to 5.3 million—an increase of 1.7 million students, or 47 percent. In President Bush's first term alone, the number of students receiving Pell Grants increased by one million.

H.R. 609 includes several important reforms to strengthen the Pell Grant program and better serve students. The bill calls for a maximum award funding authorization of $6,000—a responsible and realistic authorization level for the program. The increased authorization level, from $5,800, which is the current law authorization, to $6,000 was offered by Representative Ric Keller (R–FL).

Pell Grants Plus—Achievement Grants for State Scholars

H.R. 609 creates the Pell Grants Plus—Achievement Grants for State Scholars initiative and provides an additional $1,000—over and above the Pell Grant a student is receiving—for high-achieving, low-income students who participate in the State Scholars program, a rigorous, college preparatory high school program. The provision has been a part of President Bush's budget submission to Congress for the past two years. Under this new initiative, students may receive Pell Grants Plus in their first and second years of college, providing additional aid in the freshman and sophomore years when students often struggle to pay for college and may be more vulnerable to dropping out. According to the American College Testing (ACT) program, "Students who complete a rigorous curriculum—with at least three years of mathematics and science, as well as four years of English and social studies, and courses in foreign language—are more successful in pursuing and completing further education."

While this is the first time that merit has been associated with the Pell Grant program, the Committee believes that it is imperative to get grant funds in the hands of high-achieving, low-income

students who have great potential to be successful in postsecondary education.

Year-Round Pell Grants

In order to help needy students who are working to graduate quickly, the bill allows for year-round Pell Grants. Currently, students may only receive Pell Grants based on the traditional two semester academic year. This limits options for students studying year-round or on a non-traditional schedule.

The Committee believes that in the coming decades, many states will experience significant increases in postsecondary education enrollments. To respond to this challenge, institutions must look for new ways to deliver higher education and make more effective and efficient use of existing campuses. Offering year-round Pell Grants will allow institutions of higher education to make better use of current facilities by encouraging students to attend college on a year-round basis. Students who do this might, for example, complete a two-year associates or a four-year bachelor's degree in less time than usual. Students may use the new summer Pell Grant eligibility to take courses that are overbooked in the regular academic year due to rising enrollments, concentrate on certain courses that require intensive study, or prepare for difficult or preliminary coursework (particularly incoming freshman and transfer students).

The provision of year-round Pell Grants will reduce costs to students and move them through their programs more quickly, thus allowing institutions to increase enrollments and accelerate course completion and graduation for students. Equally as important to expedited program completion, the provision of year-round Pell Grants reduces the overall cost of the Pell Grant program to the taxpayer. Additionally, year-round Pell Grants reduce the amount of debt that a student may have to absorb, if year-round Pell Grants were otherwise not available and the student was left to finance his education by loans alone during the summer months. Since 1992, the Secretary had the option to offer year-round Pell Grants on a "case-by-case basis," but has never exercised that authority because of the concern that it will add to the shortfall in the Pell Grant program. Because of the necessity to limit the cost in the initial phase of the program, the provision is limited to four-year degree granting institutions of higher education that have a graduation rate of at least 30 percent and two-year degree granting institutions of higher education that have a graduation rate for one of the last three years that is above the average for their sector.

Tuition sensitivity

H.R. 609 eliminates the tuition sensitivity provision currently in the Higher Education Act, which reduces the annual maximum Pell Grant for students attending institutions with very low tuition charges. This provision penalizes the lowest income students, by reducing their Pell Grant aid, for attending very low cost institutions. In fiscal year 2003, the year for which the most recent data is available, the tuition sensitivity rule impacted 97,600 students whose Pell Grants were reduced by an aggregate amount slightly more than $19.9 million. According to the Congressional Research

Service, the estimated average loss in Pell Grant assistance for affected students was approximately $204 in fiscal year 2003.

Reduced grants under the tuition sensitivity rule may result in some of the neediest students having to borrow additional funds to meet their expenses—even at the lowest priced institutions. Retaining this provision may serve as an incentive for low-cost institutions to increase their tuition. The Committee believes that the cost of attendance at institutions is high enough, even at institutions with the lowest tuition charges, and elimination of the tuition sensitivity provision will not result in favoring lower priced public institutions over higher priced institutions.

Pell Grant eligibility

Current law prohibits a student who is incarcerated in a State or Federal penal institution from receiving Federal student loans and Pell Grants. However, some State laws allowed jurors to confine the worst sexual predators to mental health facilities. Offenders in these centers are not called "inmates" but "residents." Therefore, current law permits these offenders to qualify for Pell Grants. In the past year alone, over 50 sexual predators residing in one mental health facility in Florida have received over $200,000 to take college courses, paid for by U.S. taxpayer dollars through the Pell Grant program. Representative Ric Keller (R–FL) offered an amendment to modify the eligibility requirements for Pell Grants by ensuring that offenders who remain in custody through involuntary civil commitment not be eligible for the awards. The Committee believes that this amendment does not thwart rehabilitation or education of offenders, but it does address a very specific and particularly dangerous group of offenders and does not permit Federal funds to be expended to these individuals through Pell Grant awards.

Pell Grant limitation

Representative Sam Johnson (R–TX) offered an amendment to limit the length of time a student may receive a Pell Grant to 18 semesters or 27 quarters. This amendment returns to the original intent of the Higher Education Act while recognizing new enrollment trends. Until 1992, a student's eligibility was limited to six years. This amendment ensures that this reauthorization will refocus grant aid to students who are actively pursuing a degree, while at the same time, recognizing the growth in part-time attendance. The Committee believes this is a reasonable limit that will encourage students to make consistent progress toward a degree while protecting the American taxpayers' investment in higher education. By basing the limit on semesters or quarters rather than years, this amendment protects the ability of part-time and nontraditional students to pursue a degree over an extended number of years.

Data from the Department of Education shows that only about six percent of students who received a Pell Grant in 2004 first received their grant in 1996 or earlier. Data also shows that less than one percent of students received eight Pell Grants over an 11 year span. This data demonstrates that the vast majority of students will easily meet this requirement. And the few students who

might have struggled to comply with this timeframe will have new incentives to complete a degree and enter the workforce.

Tax table updates

In December 2004, the Department of Education published a notice of its intent to revise the Federal need analysis methodology for the 2005–2006 award year. This action was consistent with the Higher Education Act, which since 1992 has required periodic updates to the tables used within the need analysis formula. In the notice, the Department of Education published revised versions of the tables for state and other taxes used to determine the Expected Family Contribution of students and their families. There has been concern expressed that the revisions to the tables may cause some students to lose Pell Grant funds, since the data previously used was from 1988 and reflects State and local taxes that were much higher than the tax rates in the current environment. However, it is essential for policy makers to use the best information available to target those resources to students who need them the most.

The Committee believes that the decision to update the IRS tax tables that are used by the Department of Education as part of its need analysis methodology for determining students' Pell Grant eligibility was the right thing to do to ensure integrity in serving students with the greatest need. The Department of Education is required under the changes made in the Higher Education Act Amendments of 1992, signed into law under the Clinton Administration, to use up-to-date information in determining students' Pell Grant eligibility. Prior to the recent updates, the Department of Education was relying on tax data that dated back to 1988. As a consequence, 17-year-old tables were still being used nearly two decades after they were compiled.

Updating the tax tables used to determine Pell Grant eligibility will not only allow continued increases in the number of American students receiving Pell Grants, but it will also improve prospects for a future increase in the maximum Pell Grant award—the amount of aid available annually to the poorest students in America. Support for the tax table updates has been voiced throughout the country. In December 2004, the Cleveland Plain Dealer reported that, "In truth, the revision was long overdue. Officials had been using tax data more than a decade out of date" and in January 2005, associate provost of university enrollment at Northwestern University told the Daily Northwestern that "[The Education Department] should update [the tax tables]. If they waited two years from now, the hit could be stronger."

TRIO novice applicants

In order to promote competition in the TRIO program and allows new programs the opportunity to compete for and receive grant funds, H.R. 609 requires the Secretary of Education to set aside ten percent of the TRIO funds available for each TRIO program competition for quality novice applicants. The current TRIO award structure is intended to be competitive, yet in practice it virtually guarantees a limited number, if any, new programs will receive grants. Under this set-aside, if there are not enough quality novice applicants to utilize the ten percent set aside, the funds would be returned to the general TRIO fund for additional future awards.

The purpose of the TRIO programs is to ensure that low-income, first-generation college students and students with disabilities are able to access and get additional information about postsecondary education opportunities. Ensuring that novice applicants can compete for and receive grants only serves to expand access to higher education.

Current law requires the same weight be given to prior experience that was given in 1994–1997. Prior experience is defined in the regulations to ultimately award a grantee a maximum of 15 extra points on their application, putting them at a distinct advantage over new grantees who cannot receive the prior experience points. The Committee adamantly opposes the provision of prior experience points based on historical participation over the demonstrated outcomes and achievements of the grantee. While the 15 points are not guaranteed for prior experience, assuming a previous grant holder meets basic requirements, the seasoned grantee will be awarded extra points that in some cases make it mathematically impossible for new programs to get funded. The Committee believes the best programs should be funded and programs that have not met the performance criteria are not simply carried by virtue of previously having a grant. While some previously funded programs are not automatically renewed, they do have a substantial advantage. The Committee believes in retaining prior experience as a consideration, but questions the current 15 point process as less than two percent of previous grants were not renewed.

The novice applicant proposal retains the current prior experience provision which, with little if any impact on current grantees, will ensure novice applicants are provided a clear opportunity to compete with their peers for awards that ultimately serve students.

TRIO accountability

While many TRIO grantees provide quality services, an evaluation of three programs—Upward Bound, Talent Search, and Student Support Services—conducted by the Office of Management and Budget (OMB) calls into question the overall impact of certain TRIO programs. Additionally, the current grantee selection process, although competitive, heavily favors current TRIO providers, making it difficult for even the most qualified novice applicants to receive a grant.

Since 1990, TRIO appropriations have more than tripled from $241.8 million to $836.5 million in fiscal year 2005. The Committee takes seriously its responsibility to ensure that the near $837 million taxpayers spend annually for TRIO programs are meeting the expectation that TRIO is improving college entrance and retention rates for low-income and first generation college students. Current law does not require recipients of these funds to demonstrate results in achieving the programs' stated purpose and the Committee supports reforms to ensure that the most qualified applicants are awarded grants to operate TRIO programs, and new applicants have a greater opportunity to participate.

Among the TRIO reforms included in H.R. 609 is an amendment offered by Representative Virginia Foxx (R–NC) to strengthen TRIO accountability, transparency, and the quality of TRIO services available to eligible students by establishing program performance measures and enhancing grantee reporting requirements. Im-

proved data collection and the use of program measures will allow grant recipients to quantitatively evaluate their success at meeting the program's objective, while helping the Department of Education identify areas needing program improvement so that resources can be effectively targeted.

Evidence shows that greater competition fosters continuous program improvement. In many cases, year after year the same TRIO providers receive the bulk of the funds, even when there is little or no evidence of results. The performance-based grant selection process created by Representative Foxx will ensure that the most qualified applicants receive grants. The amendment will allow high-quality grantees to continue operating TRIO programs in their communities, while providing the Secretary clear authority to replace grantees that are not meeting performance goals. Under H.R. 609, current TRIO providers that do not meet performance goals will not receive priority consideration during the next grant cycle yet may still compete for a subsequent TRIO award. In the view of this Committee, programs that cannot demonstrate reasonable program outcomes must not be given a free pass to continue receiving taxpayer funds.

President George W. Bush has made competition for the provision of government services a priority of his Administration. This is good policy because when competition increases, the consumer generally benefits. A requirement that current TRIO grantees demonstrate success before subsequent grants are awarded promotes basic fairness and encourages enhanced program performance. With millions of dollars awarded each year in Federal TRIO grants, the need for efficiency and accountability is significant.

The Committee recognizes that the primary principles of government contracting and grant-making should be to purchase the best product, provide the best service, and fund the best operations at the best price for the American taxpayer. The TRIO programs should not depart from these basic principles.

TRIO for veterans

The Committee bill also resolves an issue important to veterans who are being served by the Upward Bound TRIO program. The bill authorizes the use of Upward Bound funding for Math and Science programs for veterans. In taking this action, the Committee recognizes that from 1991 through 2004, the Department of Education successfully funded Veterans Upward Bound Math Science programs at both Humboldt State University and Montana State University. In 2004, the Department of Education unilaterally decided to discontinue these grants after 13 years despite the fact that one of the grantees has successfully won the competition to operate its Veterans Upward Bound Math Science program and was completing the first year in a multi-year grant. The Committee action specifically provides the legislative authority to fund such programs, and the Committee expects the Secretary to reinstate these programs for the duration of the grant cycle. The Committee further expects the Secretary to honor the terms under which the grants were originally awarded including funding level, number of students to be served, recruitment criteria, provision of room and board, and the ability to offer veterans the opportunity to earn math and science credit.

General TRIO provisions

In return, the Committee expects the grantees to comply with all applicable accountability measures and new program outcomes that are part of the legislation. Further, the Committees intends for the programs to continue on a competitive basis for the duration of the authorization period. In taking this action, the Committee believes such efforts will ensure that these important outreach initiatives will continue to be offered to veterans across the country, as they return from service, to better prepare them to pursue a postsecondary education and gain the skills they need to be successful in today's economy while complying with new accountability standards and program outcome measures.

The bill also provides some important technical changes in the TRIO program. The Department of Education has adopted regulations within the Student Support Services program that narrowly define additional campuses. This definition thwarts an institution's ability to apply for grants to serve diverse groups of disadvantaged students at various campuses. H.R. 609 provides clarification for institutions with multiple campuses serving different populations by defining the terms "multiple campuses" and "different populations."

Robert C. Byrd Mathematics and Science Honors Scholarship Program

Over the past several years the Committee has heard from multiple witnesses that our nation's competitiveness depends on the quality of our science, technology, engineering and mathematics related workforce. Careers in these disciplines support the United States in maintaining its leadership in innovation and in ensuring that we can solve challenging problems such as designing new technologies, protecting our nation, and maintaining a strong economy. Therefore, the Committee is discouraged that America's high school students are struggling to keep up with their industrialized-world peers in the fields of mathematics and science and believes that Congress must do more to encourage our young people to pursue careers in these fields, which will not only benefit their future, but the future of our country.

Accordingly, H.R. 609 includes a comprehensive proposal to help strengthen American competitiveness by increasing opportunities for students to study mathematics, science, and related fields. H.R. 609 builds on the framework of existing Federal higher education investments to better reflect the national priority of increasing the number of American students studying advanced science and mathematics. H.R. 609 updates the Robert C. Byrd Honors Scholarship program to authorize grants for mathematics and science scholarships, loan interest repayment, and state education coordinating councils.

The College Access and Opportunity Act of 2005 includes three distinct approaches to increase mathematics and science opportunities for students. First, the bill authorizes mathematics and science honors scholarships to encourage students to pursue a baccalaureate, masters, or doctoral degree in physical, life, or computer sciences, mathematics, and engineering. This idea, generated from testimony provided by Mr. Norm Augustine during the hearing, "Challenges to American Competitiveness in Math and Science," is

intended to provide an incentive for more students to persist in studies in the math and science disciplines. Mr. Augustine's testimony pointed out that in the mathematics field, current trends indicate that of 3,500 ninth graders interested in math, only 300 of those students will qualify as freshmen to pursue a degree in mathematics. Of the 300 students, only 10 will receive a bachelor's degree and only one will finish at the Ph.D. level.

Second, H.R. 609 authorizes the Secretary to pay up to $5,000 in student loan interest for individuals who have obtained degrees in science or mathematics and serve as teachers or other professionals in related fields. The loan forgiveness also provides an incentive for students to enter into the math and science fields. In addition, this incentive attempts to maintain people in the math and science fields by requiring that anyone receiving this forgiveness must work in a math or science related field for at least five years. Finally, the College Access and Opportunity Act of 2005 authorizes the Secretary to award grants to states for Mathematics and Science Education Coordinating Councils that would be composed of education, business, and community leaders within the state. These Councils would work together to implement state-based reform agendas that support the continuing improvement of mathematics and science education and will help to support activities that lead to better teacher recruitment and training and increased student academic achievement in math and science.

The Committee recognizes that Federal, State, and local mathematics and science programs are broadening their perspective to include science, technology, engineering and mathematics education, commonly referred to as "STEM" education. With respect to coordinating councils under this subpart, it is the Committee's intent that the Mathematics and Science Coordinating Councils include STEM within its purview of State activities. It is also the Committee's intent that funds can be used for recruitment and training of science, technology, engineering and mathematics teachers, and to support increased student achievement in science, technology, engineering and mathematics.

Stafford Loan programs

The Federal student loan system is comprised of two separate student loan programs—the Federal Family Education Loan (FFEL) program and the Direct Loan (DL) program. In the FFEL program, private lenders partnering with the government disburse the capital. Borrowers then deal with their private lender as the loan moves through its life cycle. Lenders can be banks, standalone student loan companies or non-profit agencies. Guaranty agencies work with the lenders and the borrowers to ensure that the borrowers stay out of default and administer the Federal guarantee to the lenders if the borrower does default on the loan. All government partners in the FFEL program work to provide borrowers with customer service and financial education with the goal of avoiding borrower defaults. Secondary markets, which are generally non-profit state agencies/organizations that act as lenders, purchase loans from other lenders to free up capital and also originate their own loans, often offering significant cuts to the borrower interest rate or favorable repayment terms.

The main difference between the FFEL program and the DL program is that in the DL program, the capital is disbursed directly from the Federal Treasury, via the Department of Education, to the schools on behalf of the student. Borrowers then deal with the Department of Education and its contractors for customer service.

Over the years, the two programs have competed against each other and the participants in the FFEL program competed against themselves. This competition has dramatically improved the level of service being offered in both programs. In addition, because the two student loan programs were created at different times, the borrower benefit offerings in the programs differ. H.R. 609 took steps toward equalizing the two student loan programs to ensure that borrowers did not have different benefits in one program over the other program.

The Committee entered into this reauthorization with the goal of making it easier for America's young people access and persist in completing some form of higher education. A primary effort has been made to reevaluate the current investment and determine whether program priorities are in need of realignment. The Committee specifically identified the pressing need to address the explosion in subsidies directed to college graduates; the dramatic growth in the cost of the consolidation loan program, for example, poses a very real threat to the ability of Congress to direct future aid increases to low- and middle-income students who have not yet had the opportunity to pursue a college education. The Committee has developed a reasonable, sustainable loan structure that will continue to serve college graduates working to repay their loans while refocusing the primary investment on current and future students. The Committee has met these goals by passing a number of reforms to both the FFEL program and the DL program that will increase loan limits, significantly decrease fees paid by borrowers and better align the borrower benefits offered in the FFEL and DL programs. The Committee offers these additional benefits to borrowers by common sense reforms that curb the excess funds being spent unwisely in the student loan programs. The reforms included in H.R. 609 will better equalize the Stafford loan programs and also put both programs on a more solid financial foundation that will allow the program to operate efficiently for years into the future.

Borrower benefits

The Federal student loan programs offer unparalleled borrower benefits. Students are able to access Federally guaranteed loans at below-market interest rates without collateral or credit checks. Lower income borrowers who qualify for the Subsidized Stafford Loan program are not charged interest on their loans while in school, in their six month grace period following graduation, or in periods of loan deferment. Borrowers can access a variety of repayment options, and the already low fees in the programs are lowered even further under H.R. 609. However, the Committee believes inequities between the FFEL and DL programs must be corrected so that all student loan borrowers, regardless of which loan program their school has chosen, have access to the same level of borrower benefits.

In the area of loan fees, the Committee believes the current fee structure is unnecessarily complex, and unevenly applied to borrowers. For example, under current law, the fees paid by the borrowers can vary lender by lender or between student loan programs. The Higher Education Act requires that the Secretary charge a four percent origination fee for loans originated in the DL program and lenders charge a three percent origination fee in the FFEL program, plus an optional one percent fee to be charged by guarantors. Thus, under a strict reading of the law, borrowers in both programs are to be charged a total of four percent in fees upon origination of their Federal student loans. Congress originally added these fees as a temporary cost saving measure during the Omnibus Budget Reconciliation Act of 1981. These fees were never intended to be a permanent addition to the Higher Education Act.

Since that time, a number of changes have been made to the origination fees charged on Federal student loans. In the DL program, beginning under the Clinton Administration, the Department of Education interpreted the origination fee provision to permit DL to only charge a three percent fee. This practice has continued. The program then further discounts the origination fee by offering an up-front rebate of 1.5 percent of the loan principal purported to be a repayment incentive. When a borrower enters repayment, if the borrower does not make 12 on-time payments, the fee is capitalized back onto the principal of the loan. Only about 19 percent of students in the DL program are actually able to meet the 12 on-time payments requirement. In practice, this policy results in some DL borrowers paying a 1.5 percent fee and others paying a three percent fee.

In the FFEL program, the government must receive a three percent origination fee on loans, but the statute is not specific as to who pays that fee—lenders or borrowers. Thus, similar to the uneven borrower treatment in DL, some borrowers in the FFEL program will pay the full three percent fee, while others pay a discounted origination fee because some or all of the fee will be paid by the lender on the borrower's behalf. The FFEL borrower also may pay a fee of one percent of the loan to the guaranty agency to be deposited into the guarantor's Federal Reserve fund; however, guaranty agencies currently have the authority to waive charging this fee to the student. The funds deposited into the Federal Reserve fund are property of the Federal government, and the Committee believes it is unwise public policy for Congress to grant guaranty agencies the authority to waive collection of the Federal dollars, thereby endangering the fiscal health of the agency and weakening the overall strength of the FFEL program. The guaranty fee has always been included in the structure of the Higher Education Act and unlike origination fees, was never thought to be a temporary measure.

H.R. 609 provides for a multi-step process by which total loan fees will be reduced for all borrowers while the future fiscal health of the loan programs will be improved. H.R. 609 mandates that borrowers pay the existing one percent fee charged by guaranty agencies, renamed the Federal default fee, to ensure the long-term viability of the loan guaranty structure. At the same time, H.R. 609 phases out the temporary origination fees in the FFEL program, and phases total DL fees to one percent, concurrently eliminating

the complex and uneven practice of rebating fees prior to repayment. Taken together, this will result in both FFEL and DL borrowers paying a total of just one percent in loan fees, a 75 percent reduction from the four percent fees under existing law. This simplified structure will ensure borrowers in both programs are treated equally and increase the amount of money a borrower actually receives to help pay for his education. Borrowers will pay a small fee (one percent) for the benefit of a consumer loan capped at a fiscally responsible 8.25 percent that includes a number of benefits that will assist students as they work to complete their education, allow borrowers to pay back their loans in a timely fashion and assist struggling borrowers to develop repayment options.

Loan limits

To encourage responsible borrowing habits, prevent excessive student loan debt, and protect taxpayers against loan defaults, the Higher Education Act provides for annual and aggregate loan limits. As the Committee developed its higher education reform package, there was considerable debate between those who sought significantly higher loan limits, and those who believed loan limits should remain at their current levels, or even be reduced for some borrowers.

At the heart of this debate is the question of whether higher loan limits will do more to expand college access or simply expand student debt. According to the College Board, the cost of attendance at a public four-year institution has risen 28 percent over the past 10 years. However, loan limits for first year students have not increased significantly since 1986. As a result, many would argue that loan limits should be increased to keep pace with the explosion in tuition. Groups such as the American Council on Education (ACE), Association of American Universities (AAU), College Parents of America, Consumer Bankers Association (CBA), Education Finance Council (EFC), National Association on Independent Colleges and Universities (NAICU), National Association of State Universities and Land Grant Colleges (NASULGC), National Association of Student Financial Aid Administrators (NASFAA), National Council of Higher Education Loan Programs (NCHELP) and Sallie Mae all spoke out in favor of increased loan limits for students. As the cost of attending college rapidly increases, students and families are relying more and more on student loans to assist them in pursuing their education. At the same time, the level of student debt continues to rise as well. The average Stafford loan debt level for a student graduating in 1995–1996 was $10,471; this figure rose to $15,862 for those graduating in 2003–04. The Committee believes reasonable concern should be given to ensure the Federal government is not contributing to unmanageable debt burdens by providing irresponsible loan limits. The Committee believes that the Federal government should do its part to ensure that borrowers have access to affordable loans through the Stafford loan program. If students complete their first and second years, they are more likely to continue on through graduation. In increasing the loan limits for these students, the Committee believes students will be better equipped to enter into and graduate from college. H.R. 609 provides reasonable increases in annual maximum loan limits for first and second year undergraduate students from $2,625 to

$3,500 and $3,500 to $4,500, respectively, but does not increase the aggregate limit of $23,000. Similarly, H.R. 609 increases the annual maximum graduate loan limits from $10,000 to $12,000 but does not increase the aggregate loan limit.

Interest rates

Throughout the four decade history of the Federal student loan program, one of the most contentious issues has been that of the interest rate charged to borrowers. The Federal government has implemented a variety of fixed interest rates, only to be forced to revisit those rates when the inevitable occurs and the rate becomes out of sync with market conditions. The Committee believes it is of paramount importance that the student loan programs be placed on a solid financial foundation based in sound economic principles. As such, the Committee believes a variable interest rate that fluctuates with the market offers a viable, long-term solution to the interest rate question.

Under current law, the Stafford loan program is provided to borrowers on a variable interest rate pegged to the 91-day Treasury bill. The rate is adjusted annually, and a discount is provided to borrowers in school, in a grace period, or in deferment. However, that variable rate structure is scheduled to be replaced by a fixed, 6.8 percent interest rate for all borrowers beginning on July 1, 2006. Without Congressional action, all future Stafford loan borrowers would pay a static 6.8 percent interest rate regardless of market conditions.

Over the past several years, interest rates have fallen dramatically, and the variable rate structure of the student loan programs has allowed for students to benefit tremendously from these circumstances. In fact, interest rates have hit an all-time low in recent years for the student loan programs, residing at 3.37 percent last year. Even as interest rates rose somewhat in July 2005 to 4.7 percent for students in school and 5.3 percent for borrowers in repayment, the rates have not risen to the level set to take effect on July 1, 2006, which would lock borrowers in with no opportunity to benefit from changes in the economic climate. Prior to the introduction of the variable interest rate in 1992, Congress made a number of failed attempts at predicting future economic conditions by setting fixed interest rates ranging from six percent to up to 10 percent over time. The Committee believes the history of the loan programs demonstrate clearly that a fixed rate is unsustainable because it prevents borrowers from taking advantage of fluctuations in the market. However, the variable rate currently in place—and included in H.R. 609—offers borrowers dual benefits. It allows borrowers access to low rates when they are made available, and it protects borrowers from excessive rate increases through an interest rate cap of 8.25 percent. H.R. 609 eliminates the switch to a fixed interest rate on July 1, 2006 and keeps the interest rates set on a variable rate formula. In the past, every reauthorization period resulted in Congress adjusting the interest rates to match the current economic environment. By maintaining a variable interest rate with a reasonable cap of 8.25 percent, H.R. 609 ensures that students are able to take advantage of low interest rates when rates decline and are protected by a fiscally responsible and reason-

able cap should interest rates rise. The 8.25 percent cap also protects the taxpayers' liability in the program.

Considerable debate during the reauthorization also surrounded the issue of interest rates for the consolidation loan program. The consolidation loan program was originally intended to assist two groups of borrowers: first, borrowers with multiple lenders who wanted to consolidate their debt in order to make just one student loan payment per month, and second, those borrowers who had so much debt that they needed to stretch out their repayment term to lower their monthly payments. Congress never intended the consolidation loan program to be a refinancing tool. In fact, when the consolidation loan program was created in 1986, borrowers paid the greater of the weighted average of the underlying loans rounded up to the nearest whole percent, or 9 percent. That means borrowers paid a minimum interest rate of 9 percent. Given this historical perspective, it is clear that the consolidation loan program was not created as a refinancing tool to secure interest rates like those seen in recent years, and the explosion in consolidation loan subsidies have been an unintended consequence that must be addressed to ensure the future health and viability of the loan programs.

As interest rates began to decline in recent years, a period most argued was not predicted, nor would last, a record number of borrowers have consolidated their loans not necessarily because they needed the intended benefits of the program, but because of abnormally low interest rates and the unintended disparity between the consolidation program and the underlying Stafford program. Under current law, Stafford loans are variable interest rate loans, and consolidation loans are fixed interest rate loans. By consolidating a loan under these conditions, a borrower was able to lock in a long term fixed rate based on the rates of their underlying loans. In fact, consolidation loan volume is now very close to Stafford loan volume. In the 2004–05 academic year there were $55.225 billion in Stafford loans disbursed and $55.272 billion in consolidation loans disbursed. Just five years ago, during the 1999–2000 academic year, there were $32.110 billion in Stafford loans disbursed and only $10.217 billion in consolidation loans disbursed.

The Committee held a hearing last year entitled, "Fiscal Responsibility and Federal Consolidation Loans: Examining Cost Implications for Taxpayers, Students, and Borrowers," during which Mr. Robert Shapiro, Chairman of Sonecon, LLP and a Senior Fellow with the Brookings Institution and Progressive Policy Institute, testified about the long term budgetary impacts of the consolidation loan program. In his testimony, Mr. Shapiro stated:

> If interest rates move in the most likely way, taxpayers will pay private consolidators almost $14 billion to subsidize the interest on the current stock of fixed-rate consolidated student loans over the lifetime of those loans. Moreover, there is a reasonable likelihood that the costs will be much higher over the lifetime of these loans, if interest rates are 2 to 3 percentage points higher than projected, taxpayers will pay private consolidators more than $48 billion to service the current stock of loans.

In addition, the independent Government Accountability Office pointed out the problem as well in its report, "As Federal Costs of

Loan Consolidation Rise, Other Options Should Be Examined," which pointed out that the record low interest rates and the record high consolidation loan volume has led to increased administrative costs and subsidy costs in the student loan programs.

While the Committee acknowledges that in the last few years, the fixed rate structure of the consolidation loan program has been advantageous to some borrowers, it is also clear that sound public policy cannot be based on a snapshot of a few years of unsustainably low interest rates. In making long-term policy, the Committee sought information on long-term trends to see how borrowers and taxpayers would be best served. In that vein, the independent Congressional Research Service (CRS) issued a report in 2004 that demonstrated that variable interest rate consolidation loans would have, more often than not, been cheaper for borrowers. The CRS analysis showed that in 13 of the last 18 years—since 1986, the first year of the consolidation loan program—borrowers would actually have been better off had their consolidation loans been available under a variable interest rate. If borrowers had extended repayment of their consolidation loans to 20 years, the analysis showed borrowers would have paid less interest in 14 of the last 18 years. This analysis demonstrates that over time, variable rates are actually beneficial to borrowers by offering the dual benefits of market fluctuation and an interest rate cap.

H.R. 609 also takes precedent setting steps in offering borrowers new options in the consolidation loan program. For the first time ever, a borrower whose loans are held with one lender will be permitted to shop around with other lenders for the best deal on a consolidation loan. In addition, when the borrower consolidates, for the first time ever, the borrower will be able to choose between a fixed interest rate loan and a variable interest rate loan. The variable interest rate will be based on the same fiscally prudent formula that sets the Stafford loans, the 91-day Treasury bill + 2.3 percent. The fixed interest rate will be based off of the 91-day Treasury bill + 3.3 percent with a one time 0.50 percent fixed rate offset fee. These formulas permit borrowers to obtain exceptionally good interest rates (both options maintain the cap at 8.25 percent), but require that a borrower bear a greater share of the costs and risks associated with the benefits of up to a 30-year repayment schedule at a low fixed interest rate.

Direct Loans versus Federal Family Education Loans

Ever since the inception of the Direct Loan program in 1993, there has been confusion and debate as to which program is better, costs less, and whether the two should coexist at all. The Committee continues to be concerned about the budgetary scoring of the Direct Loan (DL) program and the Federal Family Education Loan (FFEL) program. Our concerns echo those expressed in the fiscal year 2006 conference budget resolution adopted earlier this year by Congress. The resolution includes the following report language concerning the budgetary scoring of the student loan programs:

> Although the Congress strongly supports the Federal student loan programs, it is increasingly concerned that the subsidy estimates for the Ford Direct Loan Program do not reflect the program's true cost to the Federal Government. For example, the President's 2006 budget reveals

> that although the program was expected to result in a net savings of $2 billion from its inception through fiscal year 2004, the actual experience is that the program resulted in a net cost to taxpayers of $3 billion over the same period. This represents a $5-billion underestimate of the program's actual cost to taxpayers over roughly 10 years. Accordingly, the Congress supports the administration's continuing efforts to direct the Department of Education to refine and improve its cost estimating techniques for this program.
>
> The Congress believes it is important for estimates to be corrected for all known deficiencies so that the decision makers have sufficient information to compare the cost to taxpayers of competing policy options, and large-scale structural reform proposals, in the student loan programs.

Due to the concerns the Committee had about the costs of the two programs and because the Committee believes the competition between the two programs has been beneficial to all colleges and universities, the Committee made a decision to allow the market to decide in allowing the competition, which has been beneficial both to the programs, students, and institutions, to continue. That competition resulted in better customer service and borrower benefits in the FFEL program and has resulted in some increased accountability in the DL program by the Department of Education. Earlier in this Congress, the Committee on Government Reform held a hearing entitled, "Federal Student Loan Programs Are They Meeting the Needs of Students and Schools?" with the purpose of exploring the differences between the two student loan programs as it relates to the services the programs provide schools and students. During this hearing, the Director of Student Financial Aid at The Ohio State University, the country's largest DL institution, Ms. Natala Hart, spoke about the benefits of the competition between the two student loan programs. She stated:

> We at Ohio State believe both FFELP and DL working together have resulted in the most effective and efficient improvements in the financial aid system. While we remain steadfastly a DL school, we encourage continuation of FFELP as well as DL, as competition makes both programs more receptive to students' needs.

At that same hearing, Ms. Cynthia Thorton, Director of Financial Aid at Dillard University also testified. Her testimony focused around the problems her university experienced with the DL program and why they switched back into the FFEL program. Dillard University joined the DL program in 1996 and left the program in 2003 after experiencing continued problems with reconciliation of accounts. She stated:

> Dillard University entered the FDLP in 1996, after the program was two years old. Initially, it appeared that loans were being delivered in a timelier manner. However, in 1997, the FDLP transitioned its loan origination services from Computer Data Systems to Electronic Data Systems. The transition was difficult on the Department of Education and the schools involved.

During this transition, student loan services were interrupted for four to five weeks which created a financial crisis for the school and loan recipients awaiting funds to meet fiscal obligations. After evaluating the challenges the students and the administration were experiencing with the FDLP, Dillard University made the decision to return to the FFELP program.

Dillard's return to the FFELP was a slow process. I believe if one would ask the Financial Aid Office at FDLP schools what is the one element they dislike about the Direct Loan Program, I am sure the overwhelming response would be the reconciliation. In addition to the arduous task of administering the FDLP, reconciling the FDLP was an additional responsibility not required by the FFELP. I recall many difficulties trying to reconcile and close out the program simply because records were lost at the Direct Loan servicer. Even after providing the agencies copies of cancelled checks, it was difficult to bring closure to discrepancies. We officially closed out our loans with the FDLP at the conclusion of the 2003–2004 school years.

Ms. Thorton was not alone in her experience. In a survey conducted by Rockbridge Associates Inc. of Financial Aid Administrators (FAAs) at institutions that switched from the DL program to the FFEL program, 20 percent of the FAAs surveyed said that the decision to switch programs relied heavily on general issues of customer service and 22 percent said that the fees and borrower benefits in the program were the reasons the institutions switched programs. In addition, since the inception of the DL program, over 500 schools have left the program to return to the FFEL program. Today, approximately 75 percent of the student loan volume is in the FFEL program and 25 percent is in the DL program. However, the DL schools now seem pleased with the level of service they are receiving. For that reason, the Committee focused its efforts in reauthorization around taking steps toward leveling the playing field between the two programs from the borrower's perspective. For example, H.R. 609 phases down fees paid by borrowers so that by 2010 students will be paying one percent in both programs. The bill also increases loan limits in each program and aligns the DL program's extended repayment plan to match the FFEL repayment plan.

Over the past several years, the Committee tried to better evaluate the cost of the two student loan programs. While the Committee passed a reauthorization bill that tried to strengthen both student loan programs, the Committee remains concerned that the subsidy estimate for the DL program does not reflect the program's true cost. The President's fiscal year 2006 budget request indicates that over the life of the programs, the FFEL program has been re-estimated to cost $7 billion less than originally estimated while the DL program has been re-estimated to cost $5 billion more than originally estimated. In addition, in a recently released report, Citizens Against Government Waste recommended that closer scrutiny of the costs between the FFEL program and the DL program is warranted. Earlier this year, the independent auditing firm PricewaterhouseCoopers (PwC) concluded that the DL program costs taxpayers significantly more than the Federal budget esti-

mates show because certain costs and revenues are completely ignored. For example, budget estimates fail to account for the revenue generated by taxes paid to the Treasury by private sector lenders, exclude all administrative costs associated with the DL program, and utilize biased scorekeeping rules that continue to underestimate the cost of the DL program.

The Committee is also concerned that the official scorekeeping baselines for the Federal student loan programs are inadequate as a policy decision-making tool because they do not accurately portray the relative cost of the two major student loan programs—the DL and the FFEL—or the cost impact of shifting loan volume between the two programs.

The Committee believes that until the above factors are accurately accounted for in the official scoring baseline, any claim of budgetary savings from shifting loan volume among the student loan programs is premature. This will remain the case so long as a flawed and incomplete system of accounting remains in use. Therefore, the Committee intends to work with the House Budget Committee and the Congressional Budget Office to develop a more accurate official scoring baseline, that incorporates the cost and revenue factors identified by the PricewaterhouseCoopers study, and which will more correctly account for the budgetary impact of the Federal DL program.

Teacher loan forgiveness

No Child Left Behind requires each State educational agency to develop a plan to ensure that all teachers teaching in core academic subjects within the State are highly qualified not later than the end of the 2005–2006 school year. Additionally, over the next ten years, school districts will need to hire over two million additional teachers to keep up with increased student enrollment.

States and school districts must recruit a greater quantity of people to the teaching profession while also ensuring teacher quality. Unfortunately, schools with concentrated poverty have greater teacher and administrator shortages, fewer applications for vacancies, higher absenteeism among teachers and staff, and higher rates of teacher and administrator turnover. Shortages of math, science and special education teachers are at a critical level. While No Child Left Behind will help school districts recruit and train high quality teachers, more help is needed.

The expanded loan forgiveness for math, science and special education teachers, as well as reading specialists, is a longstanding priority for the Committee and the Congress. There are demonstrated shortages of teachers in these subject areas, particularly in rural and urban school districts that serve disadvantaged students. According to The Urban Teacher Challenge, released in January 2000, the nation's largest urban school districts responding to a national survey reported immediate needs for math (95 percent), science (98 percent) and special education teachers (98 percent). The National Center for Education Statistics reports, for the 1999–2000 school year, that 67 percent of public elementary and middle schools had vacancies in special education, 70 percent in mathematics, 61 percent in biology and 51 percent in physical science. According to the Center for the Study of Teaching Policy, almost 57 percent of public school teachers are teaching physical science

without a major or minor in their field. H.R. 609 will provide incentives that will allow flexibility to local schools to recruit and retain highly qualified teachers in these critical subject areas in both public and private elementary and secondary schools across the country. Similar loan forgiveness measures have been included in President Bush's annual budget requests in 2002, 2003, 2004, 2005, and 2006 and approved by Congress in 2002 (H.R. 5091), 2003 (H.R. 438), and 2004 (H.R. 5186).

H.R. 609 complements No Child Left Behind's focus on improving the education that children receive, particularly the education that disadvantaged students and students with disabilities receive, by supporting quality teachers for our children. H.R 609 makes permanent the expanded mandatory teacher loan forgiveness maximum amount of $17,500, up from the previous $5,000, of a teacher's outstanding loan obligation for those teaching math, science or special education for five years in a title I school. In addition, H.R. 609 includes loan forgiveness for reading specialists, recognizing that literacy is one of the most important building blocks students need to learn in order to be successful throughout their lives. The teacher must teach for five consecutive years in a title I school for five years in order to qualify. Additionally, in order to aid those students who are not able to meet their loan payments while they are teaching, the Secretary has authority to provide the borrower a waiver of that repayment obligation if the borrower can prove, in accordance with regulations promulgated by the Secretary, economic hardship.

By offering additional financial support for public and private elementary and secondary teachers who have made a commitment to teach in title I schools in the defined critical subject areas—math, science and special education—this bill can make it possible for more disadvantaged students to be taught by caring and competent teachers in subject areas that will help shape not only the student but the economic future of the country. Teaching in high need, low income schools isn't always easy, but nowhere is it more important.

H.R. 609 includes a provision that would permit private school teachers who are otherwise exempt from State certification requirements related to highly qualified teacher status to also take advantage of the increased amount of teacher loan forgiveness included in this bill. H.R. 609 considers private school teachers to be in the same category as charter school teachers under the highly qualified teacher provisions of No Child Left Behind. Further, allowing private school teachers to fulfill rigorous subject matter and skills knowledge requirements by achieving passing scores on nationally developed and available teacher competency tests would provide private school teachers the opportunity to participate in the loan forgiveness program even in States that preclude such teachers from taking State teacher competency tests.

The Committee believes we need to do everything we can to encourage college students to enter a field that, while challenging, is one of the most rewarding careers one can undertake. H.R. 609 will help to encourage the best and the brightest of our nation's college students to enter the teaching profession to remain committed to the profession and the schools in which they teach.

National need loan forgiveness

H.R. 609 also updates the existing authority for discretionary loan forgiveness for child care workers, a program that has not received funding in recent years in its current form. Under the bill, the Committee expanded the program to offer up to $5,000 of loan forgiveness to individuals in professions considered to be areas of national need as designated by the Secretary. This program includes loan forgiveness for early childhood educators, nurses, foreign language specialists, librarians, bilingual educators, first responders in low income communities, child welfare workers and speech language pathologists. These items were added by the Committee as priorities at this time.

During the mark-up, Representative Porter (R–NV) highlighted that dating back to 2000, there was a six percent shortage of nurses and other health care professionals. That shortage is projected to increase to a shortage of almost 30 percent in the next 15 to 20 years. There is also a shortage of professionals available to teach students to become nurses, exacerbating the shortages today and those we will see into the future. Over the next 10 years, more than two million teachers will leave the field for other careers. With the continued vacancies in the nursing profession, we need people willing to go into the teaching field to educate students hoping to pursue a career in nursing. In addition, Representative Platts (R–PA) brought to the Committee's attention the shortage of early childhood educators and the importance of having qualified people serve in these positions. The Economic Policy Institute, the Keystone Research Center and the Foundation for Child Development recently published a report titled, "Losing Ground in Early Childhood Education: Declining Workforce Qualifications in an Expanding Industry, 1979–2004," in which it was demonstrated that the number of early childhood staff with college degrees has dropped significantly over the past 20 years, from 43 percent to 30 percent. In addition, the report pointed out that the most educated cohort of early childhood teachers are retiring in the next 15 years and there are not enough students in the pipeline to fill those positions.

The Committee believes authorizing loan forgiveness for these areas with demonstrated national need will provide a step in the right direction as the nation works to alleviate shortages in key fields.

Cutting excess spending out of the student loan programs

H.R. 609 makes a number of reforms that alter the Federal investment in the student loan programs and ensure Federal funds will be spent more wisely on behalf of students and taxpayers. Perhaps most visible of these reforms given the significant media attention to the issue in the months preceding reauthorization is the provision for a comprehensive and permanent end to provisions that allow certain lenders to collect higher than market rate yields—the so-called half SAP/9.5 floor for special allowance—on some students loans. The history of these provisions is complex, but the solution provided under H.R. 609 is unambiguous.

By way of background, current law and regulations permit lenders with access to pre-October 1, 1993 tax-exempt bond estates to receive a minimum return on the loans of 9.5 percent. This practice

originated in order to place non-profit lenders on a more level playing field with other types of lenders; through eligible tax-exempt bonds, non-profit lenders were guaranteed to receive half the special allowance payment (SAP) of banks, or a minimum of 9.5 percent. The special allowance payment of half SAP or at least 9.5 percent, from here forward to be referred to as 9.5 percent subsidies, was put into the law in the 1980s when interest rates were much higher and the Federal government needed to infuse additional capital into the program.

The Omnibus Reconciliation Act of 1993 eliminated the guaranteed 9.5 percent rate of return for tax-exempt bonds going forward as interest rates began to fall. Many, including the Committee, believe Congressional intent was that over time, as the eligible bonds were paid off and retired, the 9.5 subsidies would be eliminated entirely. However, through a series of administrative actions, the subsidy payments were allowed to continue.

In 1993, the Clinton Administration issued a Dear Colleague Letter that permitted the 9.5 percent subsidies to continue by allowing eligible bonds to be refinanced without losing the 9.5 percent benefit. In 1996, the Department of Education under the Clinton Administration issued another piece of administrative guidance that permitted loans to be transferred in and out of eligible bonds, allowing still more loans to become subject to the higher guaranteed rate of return. This practice of transferring, in particular, has been responsible for the significant growth in volume of 9.5 percent subsidies, as eligible loans have been transferred to taxable bonds.

In recent years interest rates have dropped dramatically and the 9.5 percent subsidies have created a windfall for some lenders. The Committee believes that while the 9.5 percent subsidies may have made sense two decades ago, when the economic climate was much different than it is today, the time has come to put an end to this unnecessarily high rate of return. During the 108th Congress, temporary legislation was enacted to provide an immediate halt to the practices that had allowed the volume of 9.5 percent subsidies to grow: transferring loans in and out of eligible bonds, and refunding bonds to extend the maturity date. The Committee was clear when that bill, the Taxpayer-Teacher Protection Act (P.L. 108–409), was enacted, it was merely a temporary solution. The complete and permanent closure of the 9.5 percent subsidies was to come during the Higher Education Act reauthorization.

There is ample evidence that the administrative actions during the Clinton Administration allowed the 9.5 percent subsidies to expand, rather than decline as was originally intended. From 2001 to 2004, the Department of Education's special allowance payments on these "9.5 loans" increased from $209 million to $955.5 million. Between the time Congress passed the Taxpayer-Teacher Protection Act in October 2004 and the third quarter of fiscal year 2005, special allowance payments on these loans have dropped from $262 million to $210 million and loan volume has decreased from 17.5 billion to 14.6 billion.

With demonstrated proof that the Taxpayer Teacher Protection Act is working, the Committee believes the 9.5 percent subsidies are well on their way to being eliminated entirely. Through H.R. 609, the Committee makes the provisions of the Taxpayer-Teacher Protection Act permanent, and goes a step further by also closing

down the practice known as recycling, which permits the proceeds of an eligible bond to be reinvested in new loans which also carry the higher rate of return. Taken together, the reforms in H.R. 609 will halt the practices of transferring, refunding, and recycling, and no additional loans will be tagged with the special 9.5 percent subsidies. Subsidies are already declining rapidly, and under the bill, in time they will be eliminated all together.

A second practice which spends Federal funds unwisely is known as the "Super Two Step," a practice whereby lenders counsel borrowers with FFEL consolidation loans to re-consolidate into the DL program and then re-consolidate again into the FFEL program. As previously stated, the intent of the consolidation loan program was to permit borrowers to either lower their monthly loan payments by stretching out their repayment term or consolidate multiple payments into one payment. The program was never intended to be used for refinancing purposes. This practice subverts all Congressional intent of the statute and has resulted in millions of dollars being bled from the Federal Treasury.

H.R. 609 also stops another form of excess earnings in the loan programs, in which lenders are able to collect more than their guaranteed minimum rate of return. The structure of the loan programs provides for a minimum rate of return for lenders to ensure funds are available to students, as well as a below market interest rate for borrowers. The lenders' guaranteed rate of return, known as a lender yield, fluctuates with the market. Student loan interest rates also fluctuate with the market. As a result, the borrower rate—still below the market rate for other consumer loan products—may sometimes exceed the lender yield. In simple terms, this means the rate being paid by the borrower is actually higher than the minimum rate guaranteed to the lender. H.R. 609 requires lenders to return to the Federal government these excess earnings, otherwise referred to as "floor income." This reform will generate savings for taxpayers while preserving the basic structure of low rates for borrowers and minimum returns for lenders.

Risk sharing

The Federally guaranteed loan program is based on the premise that the Federal government guarantees lenders against default, in exchange for which lenders offer capital to loan borrowers at below market rates. In the past several years, lenders have significantly increased efficiency and improved program operation, and as a result, are able to provide student loans with a lower cost of capital while still providing valuable benefits to borrowers. Student loan borrowers have already begun to benefit from the improvements made by lenders, and under H.R. 609, taxpayers will also begin to benefit.

Given the increased efficiency in the loan programs and the historically low default rates, the Committee believes it is prudent for lenders to accept a modest increase in the risk sharing. In addition, the Committee feels strongly that FFEL program participants, lenders, and guarantors must continue efforts in the area of default aversion to ensure default rates remain low. The Committee agreed with the President's fiscal year 2006 budget submission to Congress on this point. Representative Tom Petri (R–WI) responded by introducing an amendment, which the Committee accepted, that re-

duced lender insurance from 98 percent to 96 percent and reduced guarantor reinsurance from 95 percent to 93 percent. When lender insurance is cut, the guarantors are not required to reimburse the lenders as much and therefore should be proportionately reduced in the reinsurance paid by the Federal government. In addition, the cut to guarantor reinsurance will provide an additional incentive to guaranty agencies to continue to excel in preventing delinquencies and defaults. As previously mentioned, H.R. 609 also infuses more stability in the financial health of the guarantor's system by requiring borrower payment of the one percent Federal default fee.

To further strengthen the loan programs in the interest of American taxpayers, the Committee has provided for common sense changes to reward high-performing lenders and servicers. Currently, a large majority of the loan volume qualifies for the 100 percent insurance award that comes with the designation of a lender or service as an "Exceptional Performer." As of the writing of this report, the Department of Education has awarded the Exceptional Performer designation to 11 lenders or servicers. Of those 11, the servicers together service loans for 93 lenders and the lenders are all in ranked in the top 35 of loan holders. These numbers demonstrate that a large majority of the loan volume is currently receiving 100 percent insurance, rather than the standard 98 percent. With so little risk sharing in the program, lenders and servicers have little incentive to continue to strive to improve their default aversion methods. The Exceptional Performer program has achieved its goal and the Committee believes it is time to retool the program so that it continues to serve its original purpose—to push lenders and servicers to improve their programs thereby resulting in lower defaults. To that end, the Committee ties the exceptional performer designation to outcome based measures rather than the current method, which demands nothing more than a score on a compliance audit. The new Exceptional Performer designation is also constructed in such a way that only the best lenders and servicers are awarded this designation by only permitting the top five percent in the industry to receive the special award.

Repayment plans

In recent years, college students have seen a rise in the cost of college and similarly, a rise in the amount of student loan debt they need to take on in order to pay for that rise in college tuition. In addition, over the past few years, the market has provided record low interest rates on their student loans. When students graduate, they are faced with a decision about whether to consolidate their loans, thereby stretching out their monthly payments, or to pick one of the repayment plans currently offered within the Stafford loan program. Under current law, DL borrowers will find themselves with different options than FFEL borrowers. H.R. 609 levels the playing field by conforming the DL repayment plans to match the FFEL repayment plans.

Under current law, borrowers who have just graduated and may not have a job right away or who may have a low-paying job have limited options as far as avenues to lower their monthly payment without stretching out their debt. The Committee believes this is an important gap to fill as some students may just need temporary

relief and do not want to stretch their payments out longer than 10 years. H.R. 609 implements an interest only repayment plan whereby borrowers pay only the interest accruing on their loan, or $600 annually which ever is more, for the first two years they are in repayment. This new interest only repayment plan, which is added to both the FFEL and DL programs will give borrowers additional repayment relief as they begin their careers without having the borrowers forced into the consolidation loan program or forced to default because they do not have the funds to make the initial payments.

Military deferment

In 2003, Congress extended the Higher Education Relief Opportunities for Students Act (HEROES), P.L. 108–76, granting the Department of Education waiver authority of statutory and regulatory student loan requirements for college students who had been called to active duty in the U.S. Armed Forces. The Department of Education implemented the waivers in December 2003. Since that time, students serving in the Armed Forces have enjoyed the benefits of extended in-school deferment on their loans, relaxed requirements to obtain a leave of absence from the school and extended grace periods if the student was in grace when he or she was called to serve. In addition, student loan borrowers that obtained loans prior to July 1, 1993 were able to qualify for a military deferment. This deferment option was removed during the 1992 reauthorization.

The Committee believes members of the military that have accrued loans since July 1, 1993 should also be afforded these same benefits and accepted an idea proposed by Representative Tom Osborne (R–NE) to solve this discrepancy. As a result, H.R. 609 includes a provision that extends a student loan deferment option to members of the Armed Forces or National Guard serving on active duty during a war or other military emergency or national emergency. This new deferment will permit the borrowers to forgo payments on their loan principal without going into default. In addition, all interest accruing on subsidized loans will be paid for by the Department of Education. The borrower will have the option of either paying the interest that is accruing on the unsubsidized loans or not paying the interest and having it capitalize at the end of the deferment period. This new provision will permit our service members the ability to concentrate on the task at hand without having to worry that they are meeting their monthly student loan payments. The provision also sends a message of support to our deployed troops, many of whom have left their families and often their civilian jobs, that they do not have to forfeit the right to an affordable education in order to serve their country in uniform.

Financial education and additional disclosures

The rules and regulations surrounding the student loan program are complex and can be extremely confusing to borrowers. With students taking on increased levels of student loan debt to finance their education and with the strong detrimental effects on a borrower's credit report that evolves from defaulting on student loan payments, the Committee strongly believes that more financial education should be infused into the law. Currently, students must attend both entrance counseling and exit counseling in order to

take out student loans. However, often these sessions are held in auditoriums or big group settings where the borrower is not given counseling that directly meets their financial situation. In addition, more and more financial aid offices are taking their entrance and exit counseling online where the borrower can quickly click through some instructions and answer a fairly simple quiz that, again, does not address their specific financial situation. These counseling sessions also do not take into account other spending or budgeting needs of a newly graduated student. The Committee has spoken with many lenders, servicers and guarantors regarding the steps these entities are already taking to provide borrowers with better counseling. FFEL participants are taking more steps than necessary in order to ensure that their customers are well informed. However, the Committee strongly believes there is an important Federal purpose here, so H.R. 609 is infused with various provisions requiring guaranty agencies to undertake additional steps in the financial education area. It is the hope of the Committee that with the new provisions, students and borrowers will be better informed about the burden of borrowing more money than necessary and will also be counseled on how to work into their overall budget their student loan obligations which will prevent delinquencies and defaults.

The goal of creating better informed borrowers also spills into the consolidation loan program. Over the past several years, the Committee has heard from Americans all across the country who consolidated their loans at much higher interest rates because they were not told that they could only consolidate once or that they would lose certain benefits upon consolidating. In addition, with the advent of the record low interest rates, an increased amount of direct-to-consumer advertising in the student loan industry has commenced. In response to these new trends, H.R. 609 takes steps to ensure that borrowers are being given all of the relevant information by these companies. The bill requires that lenders give borrowers information on the effects of consolidation on the borrower's total interest to be paid, fees to be paid and length of repayment. In addition, the borrower is to be told about how the consolidation loan would change the benefits given by the underlying loan, the ability of a borrower to prepay the loan or pay on a shorter schedule. Finally, lenders are also required to disseminate information on any tax benefits for which the borrower could be eligible. The Committee believes these additional disclosures will help borrowers more fully understand their rights under the student loan program and assist borrowers in deciding whether it is financially prudent to consolidate their loans.

The Committee has also heard from borrowers who indicated that they wanted to be able to find the best offer on their consolidation loans or find a lender with different customer service. Currently, if borrowers have all of their loans with one lender, the borrower must consolidate with that lender. H.R. 609 expands the borrower's options in eliminating this inflexible rule. With the changes in the Committee's bill, borrowers will now be able to shop around to find the best offer that suits their financial needs.

Credit bureaus

In 2003, the media reported on an incident with one lender where the student loan company stopped reporting to all three national credit bureaus and instead reported its borrowers' payment information to just one bureau. The lender defended its actions by saying that it wanted to protect its customers' privacy because the other two credit bureaus were selling its borrowers' loan information to other student loan companies. This lack of disclosure affected borrowers' ability to obtain mortgages and credit cards, and had a particularly detrimental effect on first time home buyers. Mortgage lenders will often look at all three bureaus' credit scores and average them for a particular borrower in order to determine the feasibility of lending to the borrower. If the borrower's scores are inconsistent, this could harm the borrower's ability to obtain a positive review by the mortgage lender. The Committee understands the dramatic effect paying, or not paying, student loans back has on a borrower's credit rating and believes strongly that a lender should report information to all national credit bureaus. H.R. 609 requires that lenders must report loan payment information to all national credit bureaus, not just one or two particular companies.

Disability determination

H.R. 609 makes a subtle but powerful change to the parameters around total and permanent disability discharge provisions. The Higher Education Act has long provided for the discharge of a student's loan in the case of death and total and permanent disability. In 2000, the regulations surrounding the total and permanent disability discharge changed dramatically. New and additional burdens to students already facing very difficult life and health situations were added in an effort to stem perceived fraud and abuse. While the Committee agrees with enforcing standards to ensure only those truly eligible receive such a benefit, the accompanying requirements must also be reasonable. H.R. 609 provides if the Veterans Administration or the Social Security Administration determines an individual is in fact totally and permanently disabled, the Secretary of Education shall accept that determination. The Committee believes that a balance can be achieved between providing for this discharge without unnecessary administrative burden on recipients and preventing fraud and abuse. The Committee believes that once an individual has met the burden of proof relating to disability for the purposes of the discharge of a student loan under rules established under another Federal agency, there should be no need for an additional Federal agency to revisit that determination.

School as lender

The Committee believes that there is a need to clarify Congressional intent with respect to the school as lender program and put into place additional protections for students whose schools serve as the lender given the inherent conflict of interest that may exist with this arrangement. According to the Government Accountability Office, schools receive a premium for the loans anywhere between two and six percent of the face value of the loans. Under current law, schools are permitted to use the premiums made off of

selling the loans for their own purposes, but must use the borrower interest payments and special allowance payments from the government for need based grant programs. For students attending those institutions, the financial aid office is both their lender as well as their financial advisor. The Committee views the school as lender program as an inherent conflict of interest in the school's role, which is, first and foremost, to educate the student and second, to ensure that the student is receiving the best financial aid package for his or her financial situation. H.R. 609 takes additional steps to reduce the role schools can play as a student's bank by permitting schools to only lend to graduate students, not parents or undergraduate students, and also further restricts where the profits the school is making can be spent. If schools are making money from the program, the Committee believes it should be put back into the need based aid programs at the school. Through requiring that the schools' profits from its lending programs be put into the need based aid programs, H.R. 609 takes one more step to ensure that students receive the funding they truly need to attend college, without forcing the student to take out more costly private loans.

Institutional default reduction initiatives

H.R. 609 permanently extends two expiring provisions within the Higher Education Act that provide incentives to institutions to keep their default rates low and assist students in receiving student loan funds without delay. The 1998 Higher Education Act reauthorization provided for a waiver of multiple disbursements required for single term loans, and of a 30-day delay in delivering loan funds to a student who is enrolled in the first year of an undergraduate program of study and who has not previously borrowed. The Committee believes that it is important to extend these two provisions, as they have provided an incentive for institutions of higher education to maintain low default rates and serve to benefit students, who are able to receive Federal student aid funds faster and more efficiently.

Campus based aid programs

H.R. 609 contains provisions to phaseout base guarantee allocations to institutions of higher education in the three campus based aid programs—Federal Work Study (FWS), Perkins loans, and Supplemental Educational Opportunity Grants (SEOG)—based on previous allocations, or the "base guarantee" over the period of 2008–2016. The New York Times highlighted the problem in a November 2003 story, when it reported, "The federal government typically gives the wealthiest private universities, which often serve the smallest percentage of low-income students, significantly more financial aid money than their struggling counterparts with much greater shares of poor students" ("Rich Colleges Receiving Richest Share of U.S. Aid," Greg Winter, New York Times, November 9, 2003).

While certain institutions and associations, such as the California State University (CSU) System and the National Association of Student Financial Aid Administrators (NASFAA) have urged a more rapid phaseout, the Committee chose this time frame to ensure that all institutions of higher education had ample time to ad-

just to the new funding formula. Under current law, the campus based aid funding formulas ensure that participating institutions receive no less than their base guarantee. Since 1986, an institution's base guarantee has been the principal determinant of its current year allocation, regardless of whether its enrollment of financially needy students increased, decreased, or remained constant. This "hold harmless" provision drastically reduces the funding available to students attending institutions that have seen dramatic increases in the enrollment of students from low-income families.

The bill proposes to phase out the base guarantee and replace the formula with the "fair share" formula already provided for in current law. The fair share formula bases its allocation on important criteria such as the number of financially needy students and the tuition and fee costs at the institution. These criteria are relevant and reflect the needs of the campus more so than a historical funding figure that may be awarded to institutions in a manner disproportionate to the number of needy students at the campus.

Defenders of the status quo have historically tried to pit states and even individual colleges and universities against one another by claiming that a "fair share" formula will cut their portion of student aid. This argument misses the point entirely. When it comes to Federal student aid, it's not about one state versus another or one college versus another: it's about how Congress can best assist individual needy students. The solution is one of basic fairness. Federal student aid should be awarded based on the financial need of students. The base guarantee concept is especially unfair to students at new institutions or new campuses. For new institutions, the base guarantee is calculated using enrollment data from the first 1–2 years of the institution's program participation. The "snapshot" of student enrollment generally does not reflect a mature campus population as the new campus adds both programs and students in its early years. The result is an artificially low campus based aid allocation for a growing student body and little new money to be distributed to students on a "fair share" basis.

Under current law, the majority of funding provided for the campus-based aid programs is allocated for base guarantees. Approximately more than 40 percent of funding is available for allocation according to fair share criteria in SEOG, about 30 percent in FWS and only 8 percent in Perkins loans. With most funding being devoted to meeting institutional base guarantees, little Federal money is actually being allocated to institutions based on their needy student population.

The Committee is concerned over the inequity of the current formula and is especially concerned for the students who will go underserved if the campus based aid formula goes unchanged.

Perkins loan program

Federal financial assistance programs significantly boost the chance for students to pursue a higher education. In particular, the Perkins loan program offers low interest rates to students through campus-based revolving funds.

Perkins loan borrowers are predominantly from lower income families. These students are often the first in their family to attend college. For the 2003–2004 academic year, the Department of Edu-

cation reports that 630,000 students borrowed $1.46 billion in Perkins loans, with an average amount of $2,003 awarded per student. Since the inception of the Perkins loan program in 1958, over $27 billion dollars in loans have been made to students through almost 25 million financial aid awards.

While the Committee applauds the Administration's budget proposal to enhance the financial aid programs, this increase would come at the expense of the elimination of the Perkins loan program, which is a critical source of low-interest loans that many students rely on to pay for college. Perkins loans provide substantial financial assistance to millions of students and families across the country. H.R. 609 reauthorizes the Perkins loan program and makes additional reforms to ensure funds are targeted to the neediest students and the program continues to operate in an efficient manner.

Within the Perkins loan program, H.R. 609 makes clear that a student who has a defaulted loan may be eligible for rehabilitation if it is practicable, especially in cases where a judgment has been entered against the borrower. However, rehabilitation is not an entitlement to the borrower, as institutions of higher education have often gone to significant time and expense in obtaining a judgment against a borrower who refuses to repay a loan in default. In those cases, it may not be in the best interest of the program to require that a borrower be offered the benefits of loan rehabilitation. The Committee believes that the decisions should be left up to the institution or the Secretary to determine on a case-by-case basis so that unique situations and circumstances can be considered.

Need analysis—simplification

Two years ago, Congress tasked the Advisory Committee on Student Financial Assistance, which provides advice and counsel to Congress and the Secretary of Education on student financial aid matters, to conduct a study on options to simplify the student financial aid process. Its primary task was to examine possible changes to the financial aid process to make it more understandable and less complex, especially for low- to moderate-income families, without increasing program costs or reducing program integrity. The final report, "The Student Aid Gauntlet" was released with ten major recommendations. In response to Congressional concern that the Advisory Committee had not fulfilled its obligation regarding the potential costs associated with its recommendations, the Advisory Committee claimed that "Eight of the ten recommendations do not require any increase in program costs." The Committee wishes to reiterate that the Advisory Committee's analysis only took into account the cost implications to the Pell Grant program, and not the mandatory cost implications for the student loan program. While minimal, some of the modifications made to H.R. 609 as suggested by the Advisory Committee's report have mandatory cost implications. The Advisory Committee's recommendations that were not adopted in H.R. 609 would likely have had significant cost implications. The Committee is committed to access and providing streamlined and simplified means for students to access postsecondary education. However, given current budgetary and fiscal constraints, the Committee believes the Advisory Committee should have more appropriately recognized the fis-

cal barriers that precluded implementation of some of the recommendations.

While many of the reforms of the Advisory Committee were adopted in H.R. 609 and have bipartisan support, the Committee remains concerned that the approach taken by the Advisory Committee in its dissemination of the final report to the press prior to delivery to Congressional requesters was careless and inappropriate. The Committee hopes that with a new reauthorization, the Advisory Committee will work together with Congressional leaders to continue the work of providing policymakers with ways to understand and ideas to reform the Federal, State and institutional programs that provide need-based aid to millions of students.

H.R. 609 provisions and the amendment offered by Representatives Howard P. "Buck" McKeon (R–CA), Tim Ryan (D–OH) and John Tierney (D–MA) implement the non-cost related recommendations of the Advisory Committee. The provisions help break down barriers for students and their families that want to pursue the dream of a higher education by directing the Secretary to develop a streamlined application and re-application form and encouraging the Secretary to reduce the number of data elements required on the Free Application for Federal Student Aid (FAFSA). Excessive data elements make the FAFSA confusing and time-consuming, especially for low- and middle-income families and first-generation college students.

H.R. 609 aligns eligibility for the Simplified Needs Test (SNT) to other means-tested Federal benefit programs. The Committee believes this alignment will allow more students to take advantage of the simplified application form for SNT eligible students. Additionally, the bill directs the Secretary to develop an EZ–FAFSA to allow auto-zero eligible students access to a simplified paper application.

Additionally, the bill directs the Secretary to submit to students and their families "early estimates" where a student can submit their FAFSA prior to enrollment to obtain an estimate of their financial aid package. The Committee believes this will allow families to plan in advance for their child's education and be more informed about the realities of college cost and the amount of financial aid available.

During the 1992 reauthorization of the Higher Education Act, the bill passed by the House of Representatives included a provision that exempted small business assets from need analysis formula. Representative Marilyn Musgrave (R–CO) offered, and the Committee accepted, a similar amendment that exempted small business assets from the need analysis formula for families that own a business that employs less than 100 full-time equivalent employees. Under current law, farm equipment and other assets attributed to farms are excluded from the need analysis formula. The Committee believes this same protection should apply to small business owners, who should not be asked to borrow against their way of living to finance a child's education.

Internal Revenue Service data match

H.R. 609 contains a provision that will greatly enhance the integrity of Federal student aid programs and will help accomplish the goals of President Bush's initiative to reduce erroneous student aid

payments government-wide. The bill provides authorization for the Secretary of Education to work with the Secretary of the Treasury to provide for an Internal Revenue Service (IRS) data match. Multiple Inspector General (IG) reports have found significant evidence of student applicants (either by error or fraud) underreporting income on the student financial aid application and the FAFSA, thus gaining eligibility to higher than deserved Pell Grant awards. Statistical test matches between the Department of Education and the IRS confirm the IG findings of significant underreporting (and thus significant overpayments) in the Pell Grant program. IG reports have further concluded that the Department of Education's current verification process is inadequate to address the fraud and error in Pell Grant awards. During the 108th Congress, H.R. 3613, the Student Aid Streamlined Disclosure Act of 2003, was introduced by Representative Sam Johnson (R–TX) and would require the Federal government to improve the verification process for Pell Grant awards through an IRS data match. In addition to helping to reduce the under-awarding of Pell Grant benefits for students who actually qualify for more generous awards, the bill was estimated to free up as much as $340 million that Congress could use to better serve the increasing number of needy students legitimately receiving Pell grants or increase the maximum Pell Grant award for students.

Income protection allowance

H.R. 609 increases the income protection allowance for dependent students to $3,000 for the 2006–07 academic year. This increase will offer additional protections for students that need to work while in college without having those hard-earned funds reduce the amount of Federal financial aid awarded to them.

Portable student scholarship treatment

Facing increasing pressure to deal with high college costs and tight budgets, some States are seeking innovative opportunities to focus higher education funding directly on students. Some States are directing the subsidy they traditionally provide to institutions of higher education to individual students in the form of portable scholarships, rather than subsidizing State-level institutions that in turn may serve some students within the State.

For example, the State of Colorado developed the College Opportunity Fund (COF), which links State funding directly to resident undergraduate students. Through the COF, the State is able to be up front with potential students and their parents about the cost of higher education and the State's willingness to help fund college costs. The State of Colorado will do this by collecting information through performance contracts that will make public information such as: student enrollment, transfer, and graduation rates; student satisfaction and performance; and institutional cost and productivity. Specifically, under the new State system, the State will no longer make direct lump-sum financial transactions to its public institutions for undergraduate education. Instead, funds will go to public and private institutions on behalf of resident undergraduate students in the form of a per-student stipend. Stipends are set annually by the General Assembly in Colorado during the budget process and the allocation is defined on a credit hour basis. The sti-

pend for the 2005–2006 academic year is $2,400 per student for public institutions and $1,200 per student for the participating private institutions.

While these types of state choice programs may appear to direct a large sum of financial aid to students, in reality, it is simply a new methodology for distributing subsidies that have always been provided to higher education. Student financial aid is calculated based on a complex group of factors, including the amount of aid awarded from other sources. Therefore, because this is a new way of awarding funds to students, this type of State higher education subsidy if not protected in Federal law, may actually hinder a student's eligibility for Federal student aid. The Committee believes that students should not lose out on Federal aid simply because their State has chosen an innovative option for funding higher education institutions. The amendment offered by Representative Marilyn Musgrave (R–CO) simply ensures students will not lose eligibility because of their State higher education funding process.

Return of Title IV

Within the return of title IV funds policy, H.R. 609 simply clarifies current law that a program measured in clock hours may, under certain circumstances, use scheduled hours to determine the percentage of the payment period or period of enrollment for which assistance has been earned. H.R. 609 makes clear that students are not to return more than 50 percent of the total grant assistance they received. This clarification will assist students from the lowest income families who receive large Pell Grant awards. The amount returned will be only that amount which exceeds the 50 percent remaining after the calculation has been completed. The Committee wishes to alleviate a burden, which falls disproportionately on the lowest income students, while ensuring that students are responsible to return some portion of the grant assistance received from the Federal government when the student withdraws from school. The bill also clarifies that a student will not be required to return sums of $50 or less.

In order to assist Pell Grant recipients who are forced to withdraw from their institution of higher education due to a natural disaster as declared by the President, Representative Ric Keller (R–FL) offered an amendment to grant the Secretary waiver authority for purposes of the return of title IV formula. Waiver authority currently exists for institutions of higher education that are adversely impacted by natural disasters. However, there is no authority for the Secretary to work with the nation's neediest students in times of catastrophe. This provision is narrowly and responsibly crafted to protect low-income students who are forced to withdraw from school because of a Federally-declared natural disaster.

Drug provision

The Committee believes strongly in providing clarification to the drug ineligibility requirements now in law. Only those students who are enrolled in an institution of higher education and receiving Federal financial aid should be subject to the ineligibility requirements. This will ensure the provision serves the purpose for which it was intended: to serve as a deterrent to prevent drug offenses

while students are enrolled in higher education at taxpayer expense, and not to reach back and limit financial aid for past offenses.

Campus disciplinary proceedings

The Committee acknowledges the importance of informing the victim, or the next of kin in case of death, in specific instances of student misconduct at institutions of higher education; however, it also recognizes the need to maintain the protection and privacy of student educational records, as required under Federal privacy laws. Therefore the Committee approved a requirement for institutions of higher education to disclose the final results of any disciplinary proceeding to an alleged victim of any crime of violence or non-forcible sex offense. This will ensure the institution carefully examines the complaint and if any action is taken that the victim, or victim's family, knows what action the institution took in regard to the crime and is informed while protecting student privacy. This provision will help institutions of higher education and victims work together toward greater safety on campus.

Distance education

In the 1992 reauthorization of the Higher Education Act, Congress enacted provisions to restrict access to title IV funds for institutions offering more than 50 percent of their courses by correspondence or enrolling 50 percent or more of their students in correspondence courses. An unintended and unforeseen result was that the definition of correspondence included telecommunications, which over the last decade has encompassed distance education on the Internet.

In 1998, Congress created the Distance Education Demonstration Program that provides waivers to these rules for participating institutions and created a Commission to study the quality and accessibility of distance education. Internet-based distance education was still relatively new at that time. The Distance Education Demonstration Program was one means to study distance education to determine appropriate changes to the Higher Education Act. The Commission, with former Senator Bob Kerrey as Chairman and then-Congressman Johnny Isakson as Vice-Chairman, and the Distance Education Demonstration Program found that distance education is capable of providing access to millions of students, particularly working adults, at a level comparable to on-ground education. Both the Web-based Commission and the Department of Education have recommended the repeal of the 50 percent rules which continue to limit students' access to distance education.

The Committee repeals the application of the 50 percent rule's application to distance education to ensure the higher education system can take advantage of technological advancements that create new opportunities for students and schools. By removing unnecessary barriers to distance education, the Committee believes institutions of higher education will be given the flexibility to increase the use of technology and provide students with new postsecondary options. Financial rules, administrative capability rules, and accreditation safeguards remain in place to prevent fraud and abuse. While maintaining the rule for correspondence classes, the bill also continues and expands the Distance Education Demonstration Pro-

gram to include up to five accredited, degree-granting correspondence schools.

The Committee understands that Internet-based distance learning is a mode of learning by which students pursue higher education, courses are conducted and managed, and institutions of higher education expand to reach a new and non-traditional group of students. The Committee further understands that distance learning can be a cost-effective way of educating students through both synchronous (live) and asynchronous (interactive) means. Therefore, the Committee encourages institutions of higher education to consider the use of "computer transmission," whether synchronous or asynchronous, and "computer conferencing," that is, distance learning, in a way that uses a distributed learning system which ensures secure and encrypted protection for students getting their education through an Internet-based system.

The Committee also provides for significant accreditation safeguards to ensure the quality of institutions of higher education that offer distance education. The bill requires accrediting agencies or associations that accredit institutions offering distance education to have distance education within their scope of recognition as approved by the Secretary. This will ensure that only accrediting agencies or associations with the capability to review distance education will allow these institutions access to the title IV programs. In addition to the criteria that accrediting agencies or associations are already required to review for all institutions, the bill requires accrediting agencies and associations to ensure that institutions offering distance education programs have processes by which they establish that the student who registers is the same student who participates in and completes the program. The Committee expects institutions that offer distance education today to have security mechanisms in place, such as identification numbers or other pass code information required to be used each time the student participates in class time or coursework on-line. In time, as technology develops, the Committee anticipates that additional identification technologies will become more sophisticated, less expensive and more mainstream.

Finally, the bill requires accrediting agencies to monitor the growth of distance education programs at institutions that are experiencing significant increases in enrollments. The purpose of such monitoring is to determine whether institutions continue to have the capacity to handle a significant increase in the number of students. The Committee does not suggest that growth in enrollments necessarily relates to a loss of quality. Instead, the role of the accrediting agency or association should be to review that the institution maintains the same or an increasing level of quality, regardless of enrollment growth.

In its third report to Congress on the Distance Education Demonstration Program, the Department of Education reports that repeal of the 50 percent rule is necessary to expand access to non-traditional student populations, including minority students. The Committee concurs with the Department's statement:

> The advent of distance learning has forever changed this critical segment of our educational system. Indeed, the evidence would suggest that several of the rules that were intended to protect Federal funds have instead protected

brick-and-mortar institutions, by limiting Title IV eligibility to institutions that offer primarily on-site courses, and delayed appropriate expansion of this alternative mode of delivery.

Along with the development of new delivery modes, the changing demographics of postsecondary education stunts bring into focus the problems arising from the outmoded assumptions that at one time warranted using term structure as a foundation for financial aid rules.

Transfer of credit

In light of the significant changes in the economy, workforce needs and the postsecondary student population, the Committee believes that arbitrary and unnecessary barriers to transfer of credits must be eliminated. The Committee received evidence of many instances in which students who decide to continue or further their education at a new institution are hindered by their inability to transfer credits based upon indefensible factors. The denial of credit transfer inhibits students from obtaining the education and training they need to enter or advance their careers. In doing so, deterrents to credit transfer often results in increasing the cost of postsecondary education by forcing students to take and pay for the same courses twice. This situation puts an unnecessary financial strain on individual students, the title IV programs, and the American taxpayer.

The Committee does not intend to intrude upon institutions' evaluation of student work and other academic factors affecting transfer decisions. However, one factor often used as a substitute for such individual evaluations—the agency accrediting the sending institution—is not a legitimate basis on which to deny credit transfer as long as the institution's accrediting agency has been reviewed by the Department of Education and determined to be a reliable authority on educational quality. Accordingly, the bill requires institutions to publicly disclose their policies regarding transfer of credit decisions, and not to deny transfer of credit solely on the accreditation of the sending institution so long as the accrediting agency or association is recognized by the Secretary. H.R. 609 does not mandate what course work must be accepted by any institution of higher education. The Committee encourages institutions of higher education to establish their own policies for the acceptance of transfer credits. H.R. 609 would simply require an institution to base its decision to accept credits based on its own stated and publicized policies.

In order to protect institutions from inappropriate Federal intrusion on educational decision making, the legislation requires accrediting agencies and associations to ensure institutional compliance. The Committee expects the accrediting agencies and associations to be vigilant and to vigorously review the transfer of credit provisions through their accreditation processes so that no institution will deny transfer of credit based solely on the accreditation of the sending program or institution. The Committee also expects the Department to review thoroughly and consistently accrediting agencies' performance in this area as part of its recognition of accrediting agencies and associations.

The Committee is concerned that difficulties in transfer and articulation continue to serve as a barrier to access and completion of postsecondary education for many students across the country. According to data from the Department of Education, nearly half of all students will change colleges during their academic career. Loss of credits can mean the difference between success and failure for many students and is particularly detrimental to minority and low-income students. Accordingly, the Committee wishes to acknowledge the National Articulation and Transfer Network (NATN), which has been working to develop a nationally coordinated articulation and transfer network to increase the rate of percentage of credits accepted in transfer and fully counted toward the degree or certificate completion requirements of undergraduate students. NATN is supported and sponsored by hundreds of institutions of higher education across the United States with minority serving institutions being at the forefront of its current efforts. The Committee believes that NATN can become a national center of information for students and institutions to facilitate the enrollment, transfer, and full-credit articulation of students. The Committee encourages the Secretary to work closely with NATN and its partner institutions and organizations to find ways to ease the transfer burden for postsecondary students.

90/10 Rule

The 90/10 rule was put into effect by the 1998 Higher Education Act Amendments (P.L. 105–244), replacing its predecessor, the 85/15 rule, which was authorized by the 1992 Higher Education Act Amendments (P.L. 102–235).

Supporters of the 85/15 rule argued that the rule was necessary to stem fraudulent and abusive practices that had been identified at proprietary institutions. It also was argued that implementing the rule might restore some market incentive to education as proprietary institutions would be unable to charge more than what students not receiving enough Federal financial aid to pay all their institutional charges were willing to pay. Detractors of the rule argued that requiring proprietary institutions to obtain at least 15 percent of their revenue from non-title IV sources could limit access to low-income students if proprietary institutions were forced to deny admission to students receiving title IV funds to meet the required percentage of non-title IV revenues.

During the 1998 reauthorization process, Congress reduced the percentage of revenue that proprietary institutions had to obtain from non-title IV sources to at least 10 percent. Congress declined to make changes to the formula for calculating revenue that had generated controversy since its inception following the 1992 reauthorization. The Department of Education, however, opted to modify the definition of revenue and calculation of eligibility through regulations following the 1998 reauthorization.

While the utility of the 90/10 rule as a proxy measure of institutional integrity and educational quality was subject to dispute, the Committee concluded that it was inappropriate to repeal the rule at this time and instead decided to modify it significantly. In addition, the Committee, through the amended language, wishes to clarify the rule's interpretation and application by the Department.

The Committee has changed the 90/10 rule from an eligibility criterion to a program participation criterion under the Program Participation Agreement (PPA) currently in law. In addition, the rule will now apply to all program participants, instead of solely to proprietary institutions. The Committee believes if the rule does act to promote institutional integrity and educational quality, it should apply more broadly. Failure to comply with the requirements of the PPA results in sanctions against an institution. The penalties against the institution for non-compliance or violation of the 90/10 rule will not be as severe as they would be if the rule remained an eligibility criterion, which ultimately penalizes individual students. Because the operation of the rule involves a number of complexities and variables, the Committee further modified it by requiring that before the ultimate sanction of discontinuing participation is pursued, an institution would have to violate the rule for three consecutive years. If an institution violates the rule in any one year, the Department has a range of means to monitor the institution, and the institution should have the opportunity to demonstrate any inaccuracies in the calculation, or come back into compliance.

The Committee wishes to make clear that the provision means that all non-title IV revenue received by an institution for any educational purposes consistent with its mission shall count toward the 10 percent requirement. The Committee is aware that the Department, under its current rules, presumes that all title IV funds are to be counted first in establishing a participant's compliance with the rule. This presumption does not comport with Congress' intent. The purpose of the rule is to ensure that institutions receive at least 10 percent of their revenues from non-title IV sources. Thus this revenue should be counted first and apply toward meeting the requirement provided that institutions can supply a reasonable audit trail.

Furthermore, the Committee intends to reverse the Department's current interpretation that excludes institutional funds used to satisfy matching-fund requirements, and funds from savings plans such as those established under section 529 of the Internal Revenue Code, from being counted toward the 10 percent requirement. The Committee does not intend for this rule to be a disincentive for institutional participation in programs requiring matching funds, or individual participation in educational savings plans.

The Committee believes that institutional aid, in the form of loans and scholarships, including both monetary aid and tuition discounts, should be encouraged. The Committee directs the Department to apply the statutory language in a manner that carries out this intent, and does not impose unnecessary impediments to counting such aid toward the 10 percent requirement. The Committee emphasizes that the provision on established restricted accounts does not apply to discounted tuition.

The Committee detailed certain funds that shall be included in calculating the 10 percent, but it should be clear that the list is not intended to be exclusive. Those types of funds that were permitted to be included as non-title IV funds under the current regulations, such as non-Federal public grant funds, workforce development funds, and funds from activities conducted by the institution that are necessary for the education and training of its students, such

as clinical or service programs or auxiliary enterprises in which students are required to participate, are intended to continue to be included in calculating the 10 percent requirement.

Protections against fraud/abuse/diploma mills

Although no formal legal definition exists, a diploma mill is generally regarded as an entity that lacks accreditation from a State or professional accreditation organization, but that nonetheless sells college and graduate degrees that are fraudulent or worthless because of the lack of standards imposed on the purchasers of such degrees. Diploma mills have proliferated in recent decades due to lax law enforcement and technological advances such as the rise of the Internet. By some estimates, there are several hundred diploma mills operating at any given time, with revenue in excess of $200 million per year. There has also been a swell of fake accrediting organizations to provide diploma mills an air of legitimacy.

The Committee learned more about diploma mills and the proliferation of fake degrees and accreditors during a hearing held by the Subcommittee on 21st Century Competitiveness on September 23, 2004 entitled, "Are Current Safeguards Protecting Taxpayers Against Diploma Mills?" During the hearing, witnesses described characteristics of diploma mills and called for solutions, such as public lists of accredited institutions of higher education.

Most diploma mills display some or all of the following hallmarks of a fraudulent operation: (1) They are unaccredited or they claim to be accredited but the organization that they cite is not one of the legitimate accrediting agencies recognized by the Council on Higher Education Accreditation or the Department of Education; (2) they do not require previous academic records, such as grade point average or test scores, for admission; (3) they charge tuition based on the number of degrees purchased rather than the number of credit hours or courses taken; (4) they offer many or all degree credits based on a student's life experience; (5) they guarantee that students will receive diplomas in far less time than it would take at a traditional university; (6) their professors often have degrees from unaccredited universities and have little or no contact with students; (7) they are located in a foreign country or have addresses that are post office box numbers; and (8) they have names that are strikingly similar to legitimate, accredited universities.

Diploma mills pose dangers to consumers and employers, as well as the general public and to legitimate institutions of higher education. Although some individuals who obtain degrees from diploma mills are active conspirators in fraud, others are innocent victims of financial scams in which they pay hundreds or thousands of dollars for worthless degrees.

State and Federal efforts to shut down these entities have been somewhat erratic over the years, depending in part on the jurisdiction and enforcement priorities involved. For example, enforcement has been weak at times for reasons that range from the difficulty in distinguishing between fraudulent and legitimate institutions to the ability of diploma mills to move jurisdictions quickly if authorities in one state begin an aggressive enforcement campaign. Further complicating matters is the fact that every state has its own diploma mill laws, which vary in strength and effectiveness. Mean-

while, the Federal government pursues enforcement actions against diploma mills under a separate set of laws.

Although Federal law does not explicitly prohibit diploma mills, the sale of fraudulent academic credentials is punishable under several Federal statutes relating to mail fraud, wire fraud, and conspiracy, and four different governmental agencies have some direct involvement in or authority over the legal issues raised by diploma mills, namely the FBI, the U.S. Postal Inspection Service, the Federal Trade Commission, and the Department of Education. In recent years the investigative and enforcement activities at the Federal level have not been as strong as in the past or as they could be. The Committee encourages these agencies to focus their attention on eradicating diploma and accreditation mills, and to coordinate their efforts when possible.

In the past year, three agencies have ramped up their efforts. The Department of Education has unveiled a website/master online list of accredited colleges, universities and other postsecondary institutions, including career and trade schools that are accredited by agencies recognized by the Department of Education. This website is intended to help students, parents, and employers determine whether a particular school is a diploma mill or not. The website can be accessed at: *http://ope.ed.gov/accreditation/*. The Office of Personnel Management also announced stricter guidelines regarding educational requirements of those who seek employment with the Federal government—aimed at helping agencies better understand how to check credibility of an applicant's credentials and professional training. Finally, the Federal Trade Commission released a document, entitled: "Avoid Fake-Degree Burns by Researching Academic Credentials," which may serve as a guide for businesses explaining how to identify a diploma mill.

Although the Federal government has been successful in keeping diploma mills and accreditation mills out of the Federal student aid programs in recent years, the Committee recognizes there should be a greater effort across both the Federal and State governments to find ways to keep diploma mills out of business altogether.

Accreditation

Accreditation is a peer review process meant to ensure the academic quality of a school or a program offered by an institution of higher education. In order for an institution of higher education to be eligible to participate in any of the Federal title IV student aid programs, the institution must be accredited by an agency or association recognized by the Secretary based on certain criteria set forth in the Higher Education Act.

For decades, our nation has used the independent peer reviewed accreditation system to ensure the quality of an institution of higher education. Yet far too few students, parents, or taxpayers know what this process entails. H.R. 609 makes common sense reforms that strengthen the value of accreditation by opening the process up to consumers. The accreditation system serves as the central component in the Federal government's effort to hold institutions accountable. It is widely credited as an invaluable tool for measuring institutional quality without undue Federal control and Federal pressure.

At the same time, the Committee also recognizes that the accreditation system is not perfect. While it may be a "uniquely American institution," it is also one that—all too often—perpetuates the status quo on campuses. Even with the additional requirement made in the 1998 Higher Education Act Amendments that accreditors begin to focus on student outcomes, the system and the institutions they accredit could be more effective when it comes to measuring academic quality. This lackluster focus on academic achievement and student learning outcomes has resulted in the fact that more than half of our nation's students do not graduate in four years. Low graduation rates may be compounded by the fact that parents and students lack the necessary information to determine whether a particular college or university is a quality institution or appear to meet the needs of that particular student.

In order to provide information to students, parents, and policy makers, H.R. 609 ensures the quality of the accreditation team conducting site visits with some enhanced standards other than requiring that volunteers are "well-trained." H.R. 609 requires accreditors to disclose their process for selecting and evaluating their agency accrediting team members. The bill also ensures that accrediting agencies and associations are not required to establish different standards and reviews for distance education, as compared to more traditional face-to-face classroom interaction. Further, H.R. 609 clarifies those institutions that offer courses by distance education have in place processes to determine the students who register in a distance education course or program are the same students who participate, complete and receive academic credit. H.R. 609 requires the Secretary to provide Congress a report of the agency or association actions including accreditation granted, suspended, terminated, or denied; information on the qualifications of the team members doing site visits; and reasons for the actions taken.

Following an adverse decision regarding the accreditation status of an institution of higher education, questions of the adequacy of current due process procedures under the Higher Education Act were raised. Accreditation has functioned well for decades using volunteers and following the classic principles of peer review and collegiality. The fairness of accreditation processes has repeatedly been upheld by courts, for the denial or withdrawal of accreditation often leads to lawsuits asserting a denial of due process. While the Committee believes the Department of Education has a reliable and comprehensive process to review and approve accrediting agencies' appeals processes, the Committee amended the Higher Education Act to provide additional processes for accrediting agencies or associations to follow when taking an adverse action against an institution. The Committee clarifies that an institution shall be given appropriate notice and opportunity to be heard prior to an adverse action by an accrediting agency or association becoming final. It is not the intent of the Committee to expand the types of adverse actions beyond those already defined by the Secretary as the denial, withdrawal, suspension, revocation, or termination of accreditation or pre-accreditation, or any comparable accrediting action an agency may take against an institution or program. Finally, while it is essential to afford institutions appropriate due process in the accreditation context, it is not the intent of this

Committee or this statutory provision to suggest or imply that accrediting agencies or associations are state actors or that the level of constitutional due process shall apply.

Title V—Developing institutions

Hispanic Serving Institutions (HSIs) play an important role in American higher education, particularly in their capacity to provide college access to underrepresented populations, and populations of students with limited financial means. HSIs receive Federal funding under title V of the Higher Education Act. These grants are provided to institutions that offer and increase the number of educational opportunities available to Hispanic and other low-income students. The Committee supports the elimination of the two-year wait-out period for HSIs that prevents these institutions from applying for a new grant until two years have elapsed after the expiration of the prior grant. The Committee has determined that there is no need for a wait-out provision and its elimination will allow funds for institutional development to go to the maximum number of institutions that submit qualified applications.

Hispanic Serving Institution Graduate Program

The Committee believes that increasing the number of Hispanic students in graduate education is imperative to business, industry, medicine and education. During the May 2, 2005 field hearing entitled, "Expanding Opportunities for Graduate Study at Hispanic Serving Institutions," Dr. Blandina Cardenas, President of the University of Texas—Pan American argued that:

> The students with master's degrees will be required to lead a diverse work force and create new products and product delivery systems for a diverse national market and for competitiveness in the global market. Hispanics with doctoral degrees must be available in sufficient numbers to serve the teaching and research needs of our colleges and universities and research organizations in the private and public sector. I believe that Hispanics with post-baccalaureate preparation will bring significant added value to the creative and problem-solving enterprise—not in spite of the less privileged backgrounds, but because of it.

Hispanics still lag well behind other groups in college-going rates, retention and graduation rates and participation in graduate education. In 2003, data from the Department of Education shows that 34 percent of white students over the age of 25 had completed four or more years of college. For African American students, the figure was 17.3 percent; and for Hispanic students, the rate was 11.4 percent.

In 2002, Hispanic students received 4.2 percent of all masters degrees awarded in the U.S., compared to 62.1 percent for white students and 7.7 percent for African American students. From 1992 to 2002, the percentage of Hispanic students receiving master's degrees rose from 2.6 percent to 4.2 percent. In 2002, the percentage of Hispanic students receiving doctoral degrees was 3.1 percent, compared to 57.3 percent for white students and 5.1 percent for African American students. The share of doctoral degrees received by Hispanic students in 1992 was two percent. The Committee be-

lieves these data illustrate the necessity of expanding graduate opportunities for Hispanic students and providing resources to the institutions that serve the majority of Hispanic students desiring a graduate degree.

Title VI—International education

International education programs at the postsecondary level play a critical role in building and maintaining the nation's ability to supply expertise in foreign language, area studies and international business arenas. In order to continue the nation's established leadership role in international affairs, the opportunities for students to become knowledgeable in international issues and foreign languages has become increasingly important. America's interests and national security are inextricably tied to our knowledge and understanding of the rest of the world.

Programs authorized under title VI of the Higher Education Act reflect the priority placed by the Federal government on diplomacy, national security, and trade competitiveness by allowing for the study of international and world issues and cultures, as well as foreign languages at the postsecondary education level. Centers and fellowships authorized under title VI serve the nation's national security interests in two ways: they produce new cadres of personnel trained in foreign languages and knowledgeable about foreign areas and they provide a cumulative body of knowledge about international affairs, which provide expertise for government agencies and an intellectual foundation for intelligence.

In a report published by the American Council on Education's Center for Institutional and International Initiatives entitled, "Beyond September 11: A Comprehensive National Policy on International Education," three national policy objectives have been established by the higher education community for success in international education. First, the nation must produce international experts and knowledge to address national strategic needs. Second, it is imperative to strengthen the ability of the United States to solve international problems. Third, it is time to develop a citizenry and workforce that is competent in international issues and affairs. Programs under title VI were established over forty years ago to address these objectives and have been reformed and reauthorized to better reflect the current international climate.

The bill updates the findings and purposes of the programs under title VI to reflect our national security needs in the post-September 11th era, as well as the current international climate. Therefore, H.R. 609 increases coordination between international and foreign language studies programs to better meet America's national and international security needs. The bill also clarifies that programs under title VI are to reinforce and coordinate with other Federal programs in the areas of foreign language, area studies, and international affairs. The Committee recognizes that a complete understanding of area studies is intrinsically tied to knowledge of the history, politics, geography, and languages within a particular region.

During the June 2005 hearing on title VI programs at The Ohio State University, Dr. Jerry R. Ladman, Associate Professor for International Affairs commented about the importance of the title

VI programs to the current international climate, both inside and out of academia. He said:

> As was Sputnik and the Cold War, the events of September 11, 2001, were another milestone event. Probably nothing in our nation's history has indicated to the population at large how important it is to have numerous professionals within the public and private sectors who are trained in area studies and foreign languages, especially less-commonly taught languages, such as Arabic, Urdu, Hindi, Pashto, and Tajik. Whereas it is obvious that this is important for matters of national security, it is also generally recognized as important for the United States in business and other matters.

International Advisory Board

In a June 2005 report from the Congressional Research Service, there was significant discussion regarding the establishment of either a "multi-agency board, endowment, foundation or other independent Federal entity to coordinate and/or administer all Federal programs dealing with foreign language and international studies." The report further suggested that one function of such board or agency might be "relatively long-range planning to attempt to meet both the Federal government's and the Nation's needs for foreign language and area studies specialists in a coordinated manner."

During the June 2003 hearing on title VI, Dr. Stanley Kurtz, a Research Fellow with the Hoover Institution, argued that a board, similar to those that govern the Fulbright and National Security Education Programs, was needed to help enhance the programs under title VI. Dr. Kurtz proposed that a board should be inclusive of all points of view and should therefore "be able to hold annual [public] hearings on title VI activities, including the outreach activities of the National Resource Centers."

In a book entitled, "Language and National Security in the 21st Century," published by the National Foreign Language Center, the authors recommend an "establishment of mechanisms to monitor national needs and capacity in language and to assess how those needs and that capacity are addressed by Federal, State, and local programs, including title VI." The International Advisory Board, authorized by the bill, is responsible for making specific recommendations that will assist the Secretary and the Congress to improve the programs under title VI to better reflect the national needs related to homeland security, international education, and international affairs, including the assessment of the national needs and training provided by the institutions of higher education that receive a grant for expert and non-expert level foreign language training.

The Committee believes that the programs authorized under title VI of the Higher Education Act are crucially important because they ensure the expansion of the international knowledge base of the nation's citizenry and promote the growth and development in national need areas related to addressing national security interests and international commerce. The International Advisory Board will provide advice, counsel and recommendations to the Secretary and the Congress on international education issues for higher education in order to improve international education program. Mem-

bers of the International Advisory Board are to be appointed by the House of Representatives, the Senate, and the Secretary, who must select two representatives from agencies with diplomacy, national security, international commerce or other international activity responsibilities. These agencies may include, but not be limited to, the Department of Defense, the Department of Homeland Security, the Department of State, the Department of Commerce, and the Central Intelligence Agency.

The International Advisory Board is authorized to hold public hearings to review the recommendations provided by the Board to the Secretary and the Congress. The Committee believes this is an important first step to engage the independent board with the grantees, communities and constituencies who are most interested in the objectives and outcomes of the programs authorized under title VI. The Committee believes strongly that H.R. 609 and the new International Advisory Board does not have the authority to mandate, direct, or control an institution of higher education's specific instructional content, curriculum, or program of instruction.

Moreover, the Committee believes that when selecting grantees, the Secretary should take into account the degree to which activities of centers, programs, and fellowships at institutions of higher education advance national interests, generate and disseminate information, and foster debate on American foreign policy from diverse intellectual perspectives. The Committee also believes that the bill clearly requires that recruiters from the military and Federal agencies should be given the same access as is granted to prospective employers who wish to recruit students for non-government related employment opportunities. The Committee believes students who benefit from the programs funded under title VI have instrumental and unique skills in foreign language, world regions and international affairs that would serve to benefit the military and agencies of the Federal government.

Coordination with elementary and secondary schools

During the June 2003 hearing, Ms. Vivien Stewart, representing the Asia Society, testified that the levels of student knowledge about international affairs is rudimentary. "Young Americans are next to last in their knowledge of geography and international affairs compared with students from eight other industrial countries," she argued. Furthermore, Ms. Stewart highlighted the fact that most prospective teachers do not take any international education courses and have very low participation rates in study abroad programs.

H.R. 609 ensures that colleges of education and teacher professional development programs can be included as partners in outreach grants and summer institute programs. By authorizing the Secretary to make grants to outreach and summer institute programs that involve partnerships with local educational agencies and public and private elementary and secondary schools, the Committee believes there will be an increase in student academic achievement in foreign language and knowledge of world regions. Finally, by authorizing title VI centers and programs to serve as a national resource for courses and materials for elementary and secondary schools, the Committee believes this legislation will en-

courage and enhance international knowledge at all stages and levels of education.

Foreign language studies

The Committee urges the Secretary to encourage the development of programs that stress the teaching of foreign languages for practical and professional use, including programs that promote foreign language education across the curriculum.

The bill encourages the Secretary to engage in data collection and analysis of international education and foreign language needs and outputs on an ongoing and systematic basis, and to make the results known nationally on a regular basis. The Committee notes that international and foreign language education is an evolving field in the United States, with heightened importance to the national interest. The Committee also encourages the Secretary to consider projects that assess the impact of student learning abroad, develop foreign language proficiency assessments where they do not exist for the less commonly taught languages, assess the relationship between gains in foreign language proficiency and knowledge of world regions, and assess the impact of technology on language acquisition.

The Committee recognizes that students who study abroad for the enhancement of foreign language knowledge and proficiency, as well as the study of world regions, may travel to areas or regions in conflict or unrest. The Committee encourages institutions of higher education to take into consideration safety policies and procedures for students participating in any study abroad program funded under title VI.

International business education

The Committee believes that international business education programs reauthorized by H.R. 609 under title VI of the Higher Education Act play a unique and important role in overall international education efforts. The programs have proven to be an integral part of many postsecondary institutions' efforts to develop international education initiatives.

During the May 2005 hearing on title VI initiatives in the area of international business education, Dr. Stephen M. Hills, Academic Director, Office of International Programs in the Fisher College of Business at The Ohio State University, discussed the importance of the Centers for International Business Education & Research (CIBERs), authorized under title VI:

> There are currently 30 national CIBER centers in the United States, each committed to enlarging the sphere of teaching, research, and outreach undertaken on their campuses and in their communities in the area of international business development. Each of the CIBER centers has at its core the goal of increasing international competitiveness, business language acumen, global trade expertise, and area studies competency. Programs are directed to undergraduate, graduate and Ph.D. students within colleges of business as well as elsewhere on campus; to faculty from throughout the university, and to executives and professionals within business communities.

Institute for International Public Policy (IIPP)

A hallmark program for the education, inclusion and participation of students from underrepresented populations, the Institute for International Public Policy (IIPP) was amended in H.R. 609 to include all underrepresented populations in its program in order to enhance participation in international service. The Committee recognizes the achievements of a statesman and diplomat, Ralph J. Bunche by naming students who participate in internships under the IIPP program as the "Ralph J. Bunche Fellows."

Additionally, the Committee recognizes the valuable and important role minority serving institutions play in postsecondary education. As these institutions may not have the capacity to provide full matching funds for the programs under title VI, H.R. 609 adds a special rule to the programs in the title that allows the Secretary to waive or reduce the non-Federal match for Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribally Controlled Colleges and Universities, and Alaska Native and Native Hawaiian serving institutions. Although this waiver authority currently exists for some programs under the title and throughout the Higher Education Act, the Committee believes it is important to ensure continuity and consistency among all title VI programs, which have a direct benefit to our national interests and security.

It is imperative that title VI programs, as the largest Federal program supporting language and area studies in the national interest, continue to take responsibility for training experts as well as building and maintaining national capacity in the nation's education system. The consideration and adoption of H.R. 609 will have a distinct effect on the international education efforts of postsecondary education institutions as partners in addressing national strategic needs in foreign language, area studies, international affairs and international business education.

Title VII—Graduate education

As we proceed through the 21st Century, the need for advanced education is becoming increasingly more critical to successfully maintaining our place in a technologically advanced economy. Now, more than ever, our citizens are obtaining graduate degrees in order to gain more knowledge and expertise in their field of study.

Graduate Assistance in Areas of National Need

Graduate programs, while important for their role in higher education, also play an essential, yet often overlooked role in K–12 education. Graduate programs provide the education and training necessary for individuals to become faculty at institutions of higher education, who in turn, train the elementary and secondary teachers of tomorrow. In order to ensure the nation's children receive the best education possible, Congress must ensure the faculties in our teacher colleges are prepared to meet this challenge.

The Committee commends the Secretary for identifying as the current areas of national need: biology, chemistry, computer and information sciences, engineering, geological and related sciences, math, and physics. It is estimated that more than half of the economic growth of the United States today results directly from research and development in science and technology. The effectiveness of the United States in promoting economic growth will be

largely determined by the intellectual capital of the United States. Education is critical to developing this resource.

Teachers provide the essential connection between students and the content they are learning. Elementary and secondary classrooms across the nation are facing teacher shortages in particular subject areas. Many states and schools are struggling to find highly qualified math, science and special education teachers. As our schools work to educate a rapidly growing population whose native language is not English, we need individuals specifically trained in teaching students with limited English proficiency (LEP). Student performance on the recent Third International Math and Science Study highlights the shortcomings of current K–12 science and mathematics education in the United States, particularly when compared to other countries. We must expect more from our nation's educators and students if we are to build on the accomplishments of previous generations. New methods of teaching mathematics and science are required, as well as better curricula and improved training of special education and LEP teachers.

To achieve improved training of teachers, H.R. 609 requires that the Secretary establish a competitive priority for grants under the Graduate Assistance in Areas of National Need (GAANN) program in order to prepare individuals for the professoriate who are committed to training highly qualified elementary and secondary school teachers of mathematics and science.

The Committee encourages the Secretary to provide priority to departments that engage in such activities, and encourages the Secretary to regard departments of mathematics and sciences, as well as departments of engineering, as departments that may provide such activities.

The Committee recognizes that a chronic and persistent shortage of special education faculty curtails the national capacity of colleges and universities to conduct research and prepare teachers who can effectively teach students with disabilities. The number of special education doctorates produced annually has decreased by 30 percent in the last 20 years, according to the Higher Education Consortium for Special Education. About half of those with doctorates choose to work in higher education; the others work in leadership positions in settings such as local school systems.

The Committee is aware that the chronic and persistent shortage of special education teachers is exacerbated by the shortage of special education faculty in institutions of higher education. Without adequate faculty, there will be fewer qualified teachers and thus lower student achievement. Research has documented that students are more likely to have higher achievement when they are taught by qualified teachers, than when they are taught by unqualified teachers. As accountability for student achievement increases, the demand for qualified special education teachers will likewise increase.

To achieve improved training of teachers, H.R. 609 requires the Secretary to establish a competitive priority for grants under the GAANN program in order to prepare individuals for the professoriate who are committed to training highly qualified elementary and secondary school teachers that can effectively teach students with disabilities.

The provisions of No Child Left Behind require closing the achievement gap that exists for the nation's 4.5 million limited English proficient children. There is an acute shortage of teachers prepared to teach these young students. The tremendous need for bilingual/English as a second language (ESL) teachers exists not only in states with traditionally large immigrant populations like California, Florida and Texas, but also on a national level and in an increasing number of small towns and rural communities.

Therefore, in order to ensure that students with limited English proficiency are instructed by teachers who are qualified to address the needs of this unique student population, H.R. 609 requires the Secretary to establish a competitive priority for grants under the GAANN program. This priority will help to ensure preparation of individuals for the professoriate in fields such as second language pedagogy and second language acquisition who are committed to training highly qualified elementary and secondary school teachers can effectively teach limited English proficient students.

Fund for the Improvement of Postsecondary Education

Ensuring innovation, reform and outreach in higher education is essential in assisting institutions to meet their full potential and allowing their students to do the same. The Committee recognizes that many institutions of higher education possess tremendous resources in their facilities, faculty and student body, and often these resources are underutilized outside of the traditional classroom. H.R. 609 extends the opportunity for institutions of higher education to reach out to the communities in which they reside. By allowing the Secretary to include community outreach and involvement as an activity within the Fund for Improving Postsecondary Education (FIPSE), the special project authorization allows institutions of higher education to assist in meeting the pressing needs of the surrounding community, while providing an educational experience for students that will be unmatched in the classroom.

The Committee anticipates that one of the new activities provided through FIPSE grants can and should improve secondary school graduation and college attendance and completion rates for disadvantaged students. While there are many secondary school reform models that could meet this eligibility requirement, the Committee would like to make note of one particular model program called Project GRAD. Project GRAD is a comprehensive, cost-effective program with a record of improving the academic achievement and college access of students from low-income backgrounds. Project GRAD's integrated approach to teaching and learning includes working with an entire feeder system in a school district, the local non-profit GRAD organization, community involvement and collaboration, and working with existing assets. Project GRAD delivers a comprehensive set of research-based programs in reading, mathematics, classroom management, social services/parent involvement, and college preparation. In addition, Project GRAD provides a four-year college scholarship to all students who qualify. It is this unique structural approach that contributes to higher academic standards and offers the dream of graduation and college to all the students within a feeder system, or even an entire district.

In response to the numerous institutions of higher education that are working to implement programs to work with private and civic

organizations to resolve pressing and severe community problems, FIPSE includes a new 'national need' designation that permits grantees to use funds to support the development of coordinated curriculum and internship opportunities for students in disadvantaged communities. The Committee understands that some universities, such as the Shepherd Program at Washington and Lee University, are working to coordinate and expand programs to study poverty and its impact on communities. The Committee encourages the Department to identify other such programs for the purposes of awarding funds in order to assist disadvantaged communities in meeting this important national need.

In 2000, Congress unanimously passed a concurrent resolution (S. Con. Res. 129) stating, in part, that "the historical illiteracy of America's college and university graduates is a serious problem. * * *" reflecting a failure to impart to students a basic understanding of the history, ideals, documents and institutions that have formed the nation. The Committee notes that the events of September 11, 2001 made these concerns even more compelling. The ideals, institutions, key documents, and history on which our nation stands need to be understood if they are to be sustained in times of trial.

This issue was most recently highlighted in a hearing conducted by the Subcommittee on Select Education, on September 9, 2003. At that hearing, Dr. William Barclay Allen, Professor of Political Philosophy and Director of the Program in Public Policy and Administration at Michigan State University, spoke of the impact of the disappearance of university requirements in traditional American history and western civilization:

> A direct consequence of this trend has been an erosion of the training of professors (and therefore K–12 teachers) to preserve broad familiarity with facts, texts, and significant dates affecting our civic existence. A targeted response to this situation, cutting across disciplinary distinctions, will meaningfully strengthen the academy's ability to play a central role in fostering content mastery regarding the significant moral, constitutional, political, intellectual, economic, cultural, and international influences revealed through American history.

In response to this concern, H.R. 609 includes an important amendment to the FIPSE program. Specifically, language was added identifying the expansion of academic programs focused on traditional American history as an area of "national need." It is the intent of the Committee that this authority be used for reinvigorating majors and graduate programs in these fields, thus creating a new pipeline for producing the scholars and teachers needed to staff these fields at the graduate and undergraduate levels and in teacher training programs.

By including the establishment of academic programs in support of research and the development of teaching materials for teaching traditional American history, students and faculty may once again ensure the values and history of the United States are learned, remembered and passed on to future generations. H.R. 609 will go a long way in bringing back the relevance of teaching this important topic and ensure it is done comprehensively.

During this reauthorization, the Committee feels strongly that the importance of graduate education overall should not be overlooked. Dr. Earl Lewis, Dean of the Rackham Graduate School, Vice Provost for Academic Affairs for Graduate Studies, and Professor of History at the University of Michigan expressed his support for graduate education programs before the Subcommittee on Select Education:

> Graduate education prepares the scientists and engineers needed by industry, government, and universities to conduct the nation's research and development. Graduate programs also educate the scholars in the humanities, social sciences, and the arts who preserve and enlarge our understanding of the history and scope of human thought and the human condition, and transmit that knowledge to succeeding generations. Moreover, graduate programs at our nation's universities generate new knowledge and act as incubators of innovative ideas that drive new technologies and create new ways to address societal, health, security, and economic needs and challenges.

As Congress continues its work on the reauthorization of the Higher Education Act, it must continue to build on the demonstrated success of these valuable graduate programs. These programs, and the amendments made within H.R. 609, will prepare the next generation of scientists, scholars and teachers and ensure the support and effectiveness of these programs.

Title VIII—Clerical amendments

H.R. 609 made numerous technical and clarifying amendments to the Higher Education Act.

Title IX—Amendments to other education laws

H.R. 609 mostly maintains current law in its reauthorization of the Education of the Deaf Act of 1986. However, the bill includes three important reforms that the Committee feels will strengthen the Act and improve the programs offered by Gallaudet University and the National Technical Institute for the Deaf (NTID).

First, H.R. 609 requires Gallaudet University to develop academic content standards, academic achievement standards, and academic assessments consistent with the No Child Left Behind Act for the elementary and secondary programs operated at the Laurent Clerc National Deaf Education Center. In July, data from the National Assessment of Educational Progress 2004 long-term trend assessment was released showing improving test scores in mathematics and reading. This data confirms that the high standards and accountability established in the No Child Left Behind Act are having a significant impact on our nation's schools. The Committee feels strongly that students participating in the elementary and secondary programs at Gallaudet University deserve the same high standards and opportunities that other students are experiencing.

H.R. 609 also codifies the relationship between the Secretary and the Rochester Institute of Technology (RIT). RIT has operated the NTID through a contract with the Secretary since 1968, yet the Education of the Deaf Act of 1986 has never recognized this rela-

tionship. Given RIT's nearly 40 years of successful work on behalf of students who are deaf or hard of hearing, the Committee believes that formally identifying RIT as the university responsible for the operation of the NTID is a commonsense reform that rewards excellence and ensures stability in this program.

Finally, H.R. 609 changes the name of the Act to the "Gallaudet University and National Technical Institute for the Deaf Act." This technical change recognizes the Act's purpose of providing support for the academic programs and research projects of these two institutions. Given the many other programs that are geared more generally toward students who are deaf or hard of hearing, the Committee believes that this change will ensure that the Act will continue to focus resources on Gallaudet University and the NTID for the benefit of all students who are deaf or hard of hearing.

Conclusion

The College Access and Opportunity Act is the product of more than two years of dedicated effort to improving America's higher education system. The Committee believes the Higher Education Act is among the nation's most significant mechanisms to empower individuals and increase opportunities for success, and that is why the reauthorization could be no ordinary task. From the outset, the Committee has been committed to enacting meaningful reforms that would benefit students and taxpayers. The process began, appropriately, by identifying ways to simplify the process. The goal was not to add another layer of confusion, but to review the programs with a critical eye to determine what is working well, and what could be working better; what regulations and red tape are unnecessary, and what more needs to be done.

Early in the process, the Committee identified access, accountability, affordability, and quality as the guiding principles for the reauthorization. Those ideals helped to shape the policies contained in the legislation, and can be used to determine Congressional intent. Ultimately, the Committee believes that reauthorization of the Higher Education Act is an opportunity to reform and strengthen one of the most vital systems in America—the higher education system. Rather than squander the opportunity with a rubber stamp for the status quo, the Committee members rolled up their sleeves and fought for real changes. The result is a bill that will expand college access and ensure the Higher Education Act is equipped for the future.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title; table of contents

States the short title as the "College Access and Opportunity Act of 2005." Contains the Table of Contents.

Section 2. References; effective date

Establishes the effective date as the date of enactment. States that, unless otherwise noted, any amendment to repeal or amend a section or provision amends or repeals a section or provision of the Higher Education Act of 1965.

Title I—General Provisions

Section 101. Definition of institution of higher education

Strikes sections 101 and 102 and inserts new sections 101 and 102. Creates a single definition of an institution of higher education under section 101. Includes within the list of students an institution may enroll to meet the definition those students who are dually enrolled at the institution and a secondary school. Clarifies requirements for the legal authorization of foreign schools. Repeals the 50 percent rule as it pertains to distance education by telecommunication. Clarifies the institutional eligibility criteria applicable to foreign not-for-profit veterinary schools. Removes the requirement for students attending Canadian Medical schools to take the Foreign Medical exam. Requires the Secretary to publish qualifying criteria by regulations and establish an advisory panel with regards to evaluating the qualifications of foreign medical schools. Adds a new section 123 that clarifies how proprietary institutions may use grant funds and makes proprietary institutions ineligible for funds under titles III and V of this Act. Makes conforming amendments regarding home-schooled students. Amends the title of 484(d) to read "(d) Satisfaction of Secondary Education Standards." Makes several conforming amendments to reflect the single definition of institutions of higher education. States that the inclusion of for-profit schools within the definition of "institution of higher education" will not apply to any other provision of law enacted before the date of enactment of this Act.

Section 102. New borrower definition

Amends section 103(7) to clarify definition of "new borrower" and separate the Federal Family Education Loan and Direct Loan programs from the Perkins program.

Section 103. Student speech and association rights

Amends section 112 to clarify the current Sense of Congress regarding student speech and association rights.

Section 104. Extension of National Advisory Committee on Institutional Quality and Integrity

Amends section 114(b) by permitting members of the Committee to continue to serve after the expiration of a term until a successor is appointed.

Amends section 114(g) to extend the authorization of the National Advisory Committee on Institutional Quality and Integrity.

Section 105. Alcohol and drug abuse prevention

Amends section 120(e)(5) to extend the Alcohol and Drug Abuse prevention grants.

Section 106. Prior rights and obligations

Amends section 121(a) to extend the authorization to continue coverage of prior rights and obligations for servicing of outstanding bonds from old title VII bonds.

Section 107. Limitation on certain uses of funds

Amends part B of title I by inserting a new section 124 that prohibits funds from this Act from being used for publicity or propaganda not authorized by Congress or for any prepackaged news story not authorized by law unless it includes a clear notification that the story was prepared or funded by the Department of Education.

Section 108. Consumer information and public accountability in higher education

Amends section 131 by rewriting the section. Outlines the purpose of the section. Requires the Secretary to assess the key data elements that are of greatest importance to students and families; convene a group of experts to determine what data elements are important, cost-effective strategies for institutions to employ to collect necessary data, and the general comparability of data across institutions; to make recommendations on what data elements to include on the redesigned College Opportunities On-Line (COOL) website; and, to assure that the redesigned COOL website uses data elements currently provided by institutions, includes clear and uniform information, provides comparable information, and includes a sorting function. Also requires the Secretary to redesign the Integrated Postsecondary Education Data Systems as necessary. Also requires the Secretary to publish a college consumer profile for each institution participating in title IV programs. Requires the Secretary to make available, at a minimum, the data collected pursuant to this section in a manner that permits the review and comparison of institutions and is easily accessible and understandable. Requires the Secretary to work with public and private entities to promote broad public awareness, particularly among middle and high school students and their families, of the information made available under this section. Requires the Secretary to distribute this information to students who participate in Federally funded education programs and other Federal programs as determined by the Secretary. Establishes a college affordability index and requires institutions that exceed the index to report how they will work to address that increase.

Requires each institution that has a college affordability index that exceeds two for any three year period and that has an index that is in the highest 25 percent of those institutions to establish a quality-efficiency task force to review the operations of the institution. Outlines the membership and functions of the task force and requires the task force's recommendations to be included in the report to the Secretary. If the Secretary determines that an institution who has exceeded the index has failed to comply with its management plan and has failed to meet the index for two consecutive academic years, the Secretary is required to publicly report the institution's costs and expenditures and tuition and fees from students, place the institution on an affordability alert status, notify the institution's accrediting agency, and may require the institution to submit to a review and audit by the Department's Inspector General. Provides for a relative price exemption and dollar increase exemption to this requirement. Establishes classes of institutions for the purposes of comparing costs. Permits the Secretary to impose fines on institutions that fail to provide the necessary infor-

mation in a timely and accurate manner. Requires GAO to conduct a study of best practices regarding costs. Requires an interim report in 2011 and a final report in 2013. Makes technical amendments regarding data collection and references to other sections. Requires the Secretary conduct the student aid survey every 4 years.

Section 109. Databases of student information

Inserts a new section 132 that states that nothing in the Act should be construed to authorize the design, development, creation, implementation, or maintenance of a nationwide database of personally identifiable information on individuals receiving assistance, attending institutions receiving assistance, or otherwise involved in any studies or other collections of data under this Act, including a student unit record system, an education bar code system, or any other system that tracks individual students over time. The new section clarifies that this prohibition does not affect the loan obligation enforcement activities described in section 485B of this Act.

Section 110. Performance-based organization

Revises section 141 to clarify the goals of the Performance-Based Organization related to the costs of administering the student aid programs. Clarifies the definition of "year." Revises the consultation process on the annual performance plan to include guarantors and secondary markets. Makes technical amendments to correct various citations.

Title II—Teacher Preparation

Section 201. Teacher quality enhancement grants

Amends Part A of title II by rewriting sections 201 through 210. Section 201 outlines the purposes and definitions for the title. States the need for holding institutions of higher education accountable for preparing highly qualified teachers. Defines or modifies the definition for the following terms: "Arts and Sciences," "Exemplary Teacher," "Highly Qualified," High-Need Local Educational Agency," "Poverty Line," "Professional Development," "Scientifically Based Reading Research," "Scientifically Based Research," and "Teaching Skills."

Section 202 authorizes the State Grants competitive grant program for eligible States.

Defines the term "Eligible State" and outlines requirements for applications for grants. Requires States to use funds to reform teacher preparation requirements, coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965, and ensure that current and future teachers are highly qualified. Authorizes grant recipients to use funds to develop teacher preparation programs that prepare highly qualified teachers who are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom; reform teacher certification, recertification, or licensing requirements to ensure that teachers have the necessary subject matter knowledge and teaching skills and that the requirements are aligned with challenging State academic content standards; provide prospective teachers with alternative routes to State certifi-

cation and traditional preparation to become highly qualified teachers; implement innovative programs such as charter colleges of education or university and local educational agency partnership schools that enhance the ability of institutions of higher education to prepare highly qualified teachers; develop, or assist local educational agencies in developing, merit or bonus pay systems to retain principals and teachers; develop, or assist local educational agencies in developing, teacher advancement and retention initiatives that promote professional growth and emphasize multiple career paths and pay differentiation; develop and implement effective mechanisms to ensure that local educational agencies and schools are able to remove incompetent or unqualified teachers consistent with procedures that ensure due process; provide technical assistance to low-performing teacher preparation programs; develop systems to measure the effectiveness of teacher preparation programs and professional development programs and strategies to document gains in student academic achievement or increases in teacher master of content; develop mechanisms to ensure that local educational agencies and schools are able to recruit and retain highly qualified teachers or provide activities as described in section 204(d); improve the qualifications of early childhood educators, improve and expand preschool teacher preparation programs, and reduce unnecessary burdens to the attainment of a bachelor's degree in early childhood education and increase the number of bilingual early childhood educators, which may include developing articulation agreements between institutions of higher education; incorporate the learning needs of gifted and talented students into the activities described in paragraphs (1), (2), or (3) of this subsection in order to ensure that new teachers possess basic knowledge and skills necessary to meet the educational needs of gifted and talented students; establish or expand new teacher mentoring and assessment programs that are a part of a licensure process which is designed to demonstrate that new teachers possess basic knowledge of the classroom indicators of giftedness, are able to identify student learning differences among gifted students, and are able to provide instruction to accommodate such differences; support the development of new special education, math, and science faculty positions in institutions of higher education dedicated to the preparation of highly qualified special education, math, and science teachers, with matching funds from institutions of higher education and a commitment to continue new faculty positions when Federal funding ends; and, assess the performance of teacher preparation programs within institutions of higher education in the State using an assessment which provides comparisons across such schools in the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach, and to make such information publicly available and widely disseminated. Requires States to develop and utilize a system to annually evaluate teacher preparation programs and professional development activities, and to publicize the results.

Section 203 authorizes the Partnership Grants competitive grant program for eligible partnerships. Defines the terms "Eligible Partnerships" and "Partner Institution" and outlines the requirements for applications for grants. Requires grantees to reform teacher preparation requirements, coordinate with State activities under

section 2113(c) of the Elementary and Secondary Education Act of 1965, and ensure that current and future teachers are highly qualified by engaging in one or more of the following activities: implement reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom; provide sustained and high-quality pre-service and in-service clinical and mentoring experiences; create opportunities for enhanced and ongoing professional development that improves academic content knowledge of teachers and promotes strong teaching skills; develop, or assist local educational agencies in developing, professional development activities that provide training in how to teach and address the needs of students with different learning styles and needs and provide training in improving student behavior and identifying interventions to help those students. Authorizes grantees to use funds to provide prospective teachers with alternative routes to State certification and traditional preparation to become highly qualified teachers; disseminate information on effective practices and coordinate activities with other State offices and agencies; develop and implement professional development programs for principals and superintendents that enable them to be effective school leaders and prepare all students to meet challenging State academic content and achievement standards; recruit students into the teaching profession; create opportunities for clinical experience and training in areas related to math, science, and technology; coordinate with community colleges to implement teacher preparation programs, including through distance education or articulation agreements; establish or implement a teacher mentoring program for teachers in their first three years of teaching; train teachers to use computer software for multilingual education to address the needs of limited English proficient students; increase the knowledge and skills of pre-service teachers participating in activities under the required uses of funds subsection in the educational and related needs of gifted and talented students; and, increase the number of highly qualified special education, math, and science teachers through such activities as recruitment, scholarships for tuition and new teacher mentoring. Requires that at least 50 percent of the funds made available under this section be used directly to benefit the high-need local educational agency included in the partnership. Requires that funds received under this section supplement, rather than supplant, other Federal, State, and local funds.

Section 204 authorizes the Teacher Recruitment Grants competitive grants program for eligible applicants. Defines the term "Eligible Applicant" and outlines the requirements for applications for grants. Requires grantees to use funds to award scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program; provide support services to enable students to complete a program and transition from another field into a teaching career; provide follow-up services to former scholarship recipients during the recipient's first three years of teaching; and develop mechanisms to ensure that high-need local educational agencies and schools are able to effectively recruit highly qualified teachers. Authorizes grantees to use

funds to develop effective mechanisms to recruit into the teaching profession employees from high-demand industries and the fields of math, science, and engineering; conduct outreach and coordinate with inner city and rural secondary schools to encourage students to pursue teaching careers; develop and implement dual degree programs that enable students at institutions of higher education to earn two undergraduate degrees concurrently, one of which being in education and the other in the subject matter of the student's choosing; and, recruit high achieving students, bilingual students, and other qualified candidates into early childhood education programs. Requires scholarship recipients to teach in a high-need local educational agency for a certain time period or repay the scholarship. Requires the Secretary of Education to give priority to eligible applicants who provide an assurance that they will recruit a high percentage of minority students to become highly qualified teachers.

Section 205 outlines administrative provisions for Part A of title II. Specifies the duration of grants awarded under this part and that grantees under sections 203 and 204 may only receive a grant once. Requires the Secretary to refer applications for grants under this part to a peer review panel for evaluation. Outlines the priorities the peer review panel should consider in making recommendations to the Secretary. Requires the Secretary to determine, based on the peer review process, which application shall receive funding and the amounts of the grants. Requires grantees under this part to provide matching funds. Limits to two percent the amount of the grant that can be used on administration expenses.

Section 206 requires grantees under section 202 to submit an annual accountability report to the Secretary and the education committees of Congress. Outlines the areas that are to be covered by the accountability report. Requires grantees under section 203 to establish as a condition of submitting an application an evaluation plan that includes strong performance objectives. Outlines the objectives and measures that are to be considered by the plan. Requires grantees under sections 202 and 203 to report annually on the progress toward meeting the purposes of this part and the goals, objectives, and measures described in subsections (a) and (b) of the section. Requires the Secretary to withhold certain grant payments if the Secretary determines that a grantee is not making substantial progress in meeting the purposes and goals of the appropriate section. Requires the Secretary to evaluate the activities funded under this part, report his or her findings to the education committees of Congress, and broadly disseminate information regarding both successful and ineffective practices.

Section 207 requires each State that receives funds under the Act to submit to the Secretary annually a State report card on the quality of teacher preparation in the State. Outlines what is required to be included in the report. Requires the Secretary to provide annually a report to Congress on teacher qualifications and preparation in the United States. Outlines what is required to be included in the report. Requires the Secretary to coordinate, to the extent practicable, the information collected and published under this part among States for teachers who become certified in a State other than the one in which they received their most recent degree. Requires each institution of higher education or alternative certifi-

cation program that conducts a teacher preparation program that enrolls students who receive Federal aid under this Act to submit an annual report to the State and the general public on both traditional certification or licensure programs and alternative certification or licensure programs. Outlines what is required to be included in the report and how the report must be published and disseminated. Permits the Secretary to impose a fine on an institution of higher education for failure to provide the required information in a timely or accurate manner.

Section 208 requires each State that receives funds under the Act to have in place a procedure to identify and assist, through the provision of technical assistance, low-performing programs of teacher preparation within institutions of higher education. Requires each State that receives funds under the Act to provide annually a list of such low-performing programs, including programs in danger of being placed on the list. Requires States receiving funds under this title to develop plans to close or reconstitute underperforming programs of teacher preparation within institutions of higher education. States that any institution of higher education that provides a program of teacher preparation in which the State has withdrawn its approval or terminated financial support due to low performance will be ineligible for any funding for professional development activities awarded by the Department of Education and will not be permitted to enroll any student who receives aid under title IV of the Act in the institution's teacher preparation program.

Section 209 requires the Secretary to ensure that States and institutions of higher education use equitable methods in reporting and that the reporting not allow for the identification of individuals. Outlines procedures for the Secretary to collect data from States in which there are no certification or licensure assessments or that do not set minimum performance levels on those assessments. Prohibits Federal control over any aspect of any private, religious, or home school, and clarifies that nothing in this section prohibits private, religious, or home schools from participating in the programs under this part. Clarifies that nothing in this part encourages or requires any changes in a State's treatment of any private, religious, or home school. Prohibits the Secretary from establishing or supporting any national system of teacher certification.

Section 210 establishes the authorization of appropriations for this part as $300 million for fiscal year 2006 and such sums for each of the 5 succeeding fiscal years. Establishes the percentages of funds to be available for sections 202, 203, and 204, respectively.

Section 202. Preparing tomorrow's teachers to use technology

Amends section 222(a) by establishing nonprofit telecommunications entities as eligible applicants.

Amends section 223(b) by clarifying that funds should focus on using technology to increase student academic achievement.

Amends section 224 with regards to the authorization of appropriations.

Section 203. Centers of excellence

Amends title II by inserting a new part C.

Section 231 establishes the purposes for this part. Defines the following terms: "Eligible Institution," "Highly Qualified," "Scientifically Based Reading Research," and "Scientifically Based Research."

Section 232 authorizes the Centers of Excellence competitive grant program. Requires grantees to ensure that current and future teachers are highly qualified. Requires grantees to use funds to implement reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research, and are able to use advanced technology effectively in the classroom to improve student academic achievement; provide new teachers sustained and high-quality pre-service clinical experience, mentoring from exemplary teachers, and increased interaction between faculty at institutions of higher education and new and experienced school personnel; develop initiatives to promote retention of highly qualified teachers and principals, including minority teachers and principals; award need-based scholarships to help students pay the cost of tuition, room, board, and other expenses; disseminate information on effective practices for teacher preparation and successful teacher certification and licensure assessment preparation strategies; and activities authorized under sections 202, 203, and 204. Outlines the requirements for submitting an application. Sets the minimum grant under this part at $500,000. Limits to two percent the amount of a grant that can be used for administrative expenses. Requires the Secretary to prescribe regulations as necessary.

Section 233 establishes the authorization of appropriations as $10 million for fiscal year 2006 and such sums for the five succeeding fiscal years.

Section 204. Teacher incentive fund program

Amends title II by inserting a new part D. Section 241 outlines the purposes of this part and defines the terms "Eligible Entity" and "High-Need Local Educational Agency."

Section 242 authorizes the Secretary to award competitive grants of up to 5 years in length for eligible entities to develop and implement, or expand, a comprehensive performance-based compensation system for teachers and principals for one or more local educational agencies. Outlines the necessary and permitted characteristics of a comprehensive performance-based compensation system under this part. Requires grantees to use funds only to design and implement, or expand, in collaboration with teachers, principals, other school administrators, and members of the public, a compensation system consistent with the requirements of this part. Allows grantees to use funds to: develop appraisal systems that reflect clear and fair measures of student academic achievement; conduct outreach with the local educational agency or the State to gain input on how to construct the appraisal system and to develop support for it; pay, as part of a comprehensive performance-based system, bonuses and increased salaries to teachers and principals who raise student achievement, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant; pay, as part of a comprehensive performance-based compensation system, additional bonuses to teachers who both raise

student achievement and either teach in high-poverty schools or teach subjects that are difficult to staff, or both, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant; pay, as part of a comprehensive performance-based compensation system, additional bonuses to principals who both raise student achievement and serve in high-poverty schools, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant. Outlines what is required to be included in the grant application. Requires the Secretary to give priority to applications for projects that would establish comprehensive performance-based compensation systems in high-need local educational agencies.

Section 243 requires the Secretary to conduct an independent evaluation of the program under this part and may use up to 1 percent of the funds made available under this part or $1,000,000, whichever is less, for any fiscal year for the cost of the evaluation.

Section 244 establishes the authorization for this part as $100,000,000 for fiscal year 2006 and such sums as may be necessary through 2010.

Section 205. Transition

Requires the Secretary to take necessary actions to provide for the orderly implementation of this title.

Title III—Institutional Aid

Section 301. Title III grants for American Indian tribally controlled colleges and universities

Amends section 316(b) with regards to the definitions of eligible institutions and Indian.

Amends section 316(c)(2) to expand the authorized use of funds related to instructional facilities, and to provide new authorized activities with regards to distance learning and tribal governance.

Amends section 316(d) by changing the program from a competitive grant program to a formula grant program. Provides a minimum grant to each eligible institution of $400,000. Removes the two-year wait out period for these grants, as it is no longer necessary under a formula system.

Section 302. Alaska Native and Native Hawaiian-serving institutions

Amends section 317(c)(2) to authorize the use of funds for the construction and maintenance of instructional facilities and the acquisition of real property adjacent to the campus. Creates additional new authorized uses of funds related to distance learning and tribal governance.

Amends section 317(c) by allowing grant funds to be used to establish or increase an endowment fund so long as the institution provides matching funds.

Amends section 317(d) by striking subparagraphs (A) and (B) in paragraph (2) with regards to the requirements that applications include a 5-year improvement plan and other information and assurances as the Secretary may require.

Section 303. Grants to part B institutions

Amends section 323(a) by authorizing the use of funds for the construction and maintenance of instructional facilities and the acquisition of real property adjacent to the campus. Amends the authority to establish community outreach programs to prepare elementary and secondary students for postsecondary education.

Amends section 323 by adding a new subsection (c) to allow for the use of no more than two percent of funds received under Part B to secure technical assistance, financial management and strategic planning

Amends section 323(a)(2) to include activities related to distance learning.

Amends section 324(d)(1) to increase the minimum grant to $750,000 under certain conditions.

Amends section 326(a)(1) to require that the institution be accredited by a national accrediting agency and be in good standing.

Amends section 326(c) to authorize the use of funds for the construction and maintenance of instructional facilities and the acquisition of real property adjacent to the campus.

Amends section 326(e) to add the names of additional eligible institutions. Further amends section 326(e) to update the year for the special rule.

Amends section 326(f) to update the authorization levels. Further amends section 326(f) to update cross-references.

Amends section 326(g) to update the year for the hold harmless rule.

Section 304. Technical amendments

Amends section 311(c) to include within the use of funds education or counseling services to improve financial and economic literacy.

Amends section 312(b) to require that an institution offer not less than a two year program that is acceptable for full credit toward a bachelor's degree.

Amends section 316(c) to include within the use of funds education or counseling services to improve financial and economic literacy.

Amends section 317(c) to include within the use of funds education counseling services to improve financial and economic literacy.

Amends section 323(a) to include within the use of funds education counseling services to improve financial and economic literacy.

Makes several technical amendments.

Revises section 343(e) to add in a subsection heading to read: "Sale of Qualified Bonds."

Repeals section 1024 as transferred by section 301(a)(5) of the Higher Education Amendments of 1998.

Section 305. Title III authorizations

Amends section 399(a) in regards to the authorization of appropriations.

Title IV—Student Assistance

PART A—GRANTS TO STUDENTS

Section 401. Pell Grants

Amends section 401(a) by extending the authority of the program. Further amends section 401(a) by striking paragraph (2) with regards to advance payment to students attending institutions that do not participate in the disbursement system.

Amends section 401(b) to increase the authorized annual maximum award to $6,000 through academic year 2012–2013. Further amends section 401(b) by eliminating tuition sensitivity. Further amends section 401(b) by providing for year-round Pell grants for students enrolled for 12 months at baccalaureate degree granting institutions with a graduation rate of at least 30 percent for the four preceding years and two-year institutions with a graduation rate that is at least above the average for the institution's type and control. Outlines the requirements for the awarding of the year-round Pell grants. Requires an evaluation and report by the Secretary by 2011.

Amends section 401(c) by inserting a new paragraph (5) that limits the period during which a student may receive a Pell Grant to the equivalent of 18 semesters or 27 quarters in duration (as determined by the Secretary) without regard to whether the student is enrolled on a full-time basis during any portion of that period, and including any period of time for which the student received Pell Grants prior to the date of enactment of this Act. Further amends section 401(c) by restricting the use of Pell Grants for remedial or English as a second language instruction to one academic year.

Further amends section 401(b) by prohibiting a student who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined by the Secretary) from receiving a Pell Grant.

Amends subpart 1 of part A by inserting a new section 401A to create the Pell Grants Plus—Achievement Grants for State Scholars program. Outlines how students will be eligible to receive grants and sets the grant amount as $1000 so long as the total amount of a student's financial assistance does not exceed the cost of attendance. Requires the Secretary to establish regulations for determining student eligibility. Outlines the requirements students must meet to continue to receive an award during his or her second year of undergraduate education. Requires the Secretary to monitor the progress, retention, and completion of students receiving awards, evaluate the impact of the program, and submit a report at least every two years to the authorizing committees of Congress. Repeals Chapter 3 of subpart 2 of part A, the Academic Achievement Incentive Scholarship program.

Section 402. TRIO programs

Amends section 402A(b) to establish the duration of TRIO grants as five years and Staff Development Activities grants as two years, and allow the Secretary to determine the duration of Project Improvement and Dissemination Partnership Projects grants. Further amends section 402A(b) to synchronize outstanding grants to the five-year term. Further amends section 402A(b) to increase the

minimum TRIO grants to $200,000 and Staff Development Activities grants to $170,000.

Amends section 402A(c) to require the Secretary to set aside ten percent of funds for novice applicants. In the event an insufficient number of quality novice applicants are available, requires the Secretary to distribute the ten percent among other applicants.

Amends section 402A(c) by striking the requirement that the Secretary notify current grant holders applying for an additional grant of the status of that application up to eight months prior to the expiration of the current grant.

Amends section 402A(e) with a technical amendment. Further amends section 402A(e) by inserting a new paragraph (3) to make homeless or unaccompanied youth under section 725 of the McKinney-Vento Act eligible to participate in the Talent Search, Upward Bound, Student Support Services, and Educational Opportunity Centers programs.

Amends section 402A(f) to establish the authorization level as $836,500,000 and to extend the authorization through fiscal year 2011.

Amends section 402A(g) by amending the definition of "Veteran Eligibility" and defining the terms "Different Campus" and "Different Population."

Amends section 402B(b) to add education or counseling services that address the financial and economic literacy of students and parents to the list of permissible services.

Amends section 402C(b) to add education or counseling services that address the financial and economic literacy of students and parents to the list of permissible services.

Further amends section 402C(b) to stress the transition of veterans into math and science fields in the list of permissible services.

Amends section 402D(b) to add education or counseling services that address the financial and economic literacy of students and parents to the list of permissible services.

Amends section 402E(b) to add education or counseling services that address the financial and economic literacy of students and parents to the list of permissible services.

Amends section 402F(b) to add education or counseling services that address the financial and economic literacy of students and parents to the list of permissible services.

Amends section 402C(e) by increasing the maximum stipend to $100 for services carried out in June, July, and August, and to $60 for services carried out during the remainder of the year.

Amends section 402D(d) to include within an application's consideration the services provided to low-income working adults.

Amends section 402E(e) by increasing the maximum stipend to $5,000.

Amends section 402F(c) by requiring the Secretary to consider the services that would be provided to low-income working adults when considering the application.

Section 403. TRIO reform

Amends section 402A by inserting a new subsection (c). The new subsection requires the Secretary to establish expected program outcomes and procedures for measuring the quality and effective-

ness of TRIO programs. Describes the purposes for which the measures are to be used. Permits local grant recipients to establish local performance measures.

Amends section 402A(d) by amending paragraph (2). The new paragraph establishes criteria to be used by the Secretary in selecting grant recipients. Further amends section 402A(d) by striking subparagraph (A) of paragraph (3) and inserting a new subparagraph (A) that requires the Secretary to use the performance measures to evaluate each applicant's prior experience in achieving expected program outcomes. Further amends section 402A(d) by inserting a new subparagraph (C) in paragraph (3) that prohibits the Secretary from awarding prior experience points to any current grantee that failed to meet certain criteria. Further amends section 402A(d) by amending subparagraph (B) of paragraph (4) to prohibit the Secretary from providing assistance to an entity if the Secretary has determined that such entity has been involved in fraud.

Amends section 402A(e) by amending paragraph (3) with regards to the provision of technical assistance by the Secretary to applicants for grants under the TRIO programs.

Rewrites section 402A(f) to require the Secretary to establish uniform reporting requirements and require each recipient of funds to annually submit information the Secretary deems necessary. Requires the Secretary to submit a report to the authorizing committees of Congress at least once every two years. Describes what is to be included in the report.

Amends section 402A(g) to permit the Secretary to use no more than one half of 1 percent of funds appropriated for TRIO to support the administration of the programs.

Amends section 402B by inserting a new subsection (d) that requires the Secretary to consider the college-going rate of participants in programs provided by the grantee and compare that to the rates of other applicants eligible to receive consideration of prior experience when considering a grantee's past performance and prior experience.

Amends section 402C by inserting a new subsection (f) that requires the Secretary to consider the college-going rate of participants in programs provided by the grantee and compare that to the rates of other applicants eligible to receive consideration of prior experience when considering a grantee's past performance and prior experience.

Amends section 402D by inserting a new subsection (e) that requires the Secretary to consider the college-going rate of participants in programs provided by the grantee and compare that to the rates of other applicants eligible to receive consideration of prior experience when considering a grantee's past performance and prior experience.

Amends section 402E by inserting a new subsection (f) that requires the Secretary to consider the college-going rate of participants in programs provided by the grantee and compare that to the rates of other applicants eligible to receive consideration of prior experience when considering a grantee's past performance and prior experience.

Amends section 402F by inserting a new subsection (d) that requires the Secretary to consider the college-going rate of participants in programs provided by the grantee and compare that to the

rates of other applicants eligible to receive consideration of prior experience when considering a grantee's past performance and prior experience.

Rewrites section 402G to authorize the Secretary to make grants to institutions of higher education and other entities to provide training and technical assistance for staff and leadership personnel participating in TRIO programs for the purpose of improving the operations of the programs. Outlines the areas in which training should be provided. Requires the Secretary to consult with regional and State professional associations with knowledge of TRIO programs before issuing grants.

Rewrites section 402H to require the Secretary to make grants or enter into contracts with organizations to evaluate the effectiveness of the programs and disseminate information on the impact of the programs. Outlines the areas of effectiveness to be measured. Requires the Secretary to submit to the authorizing committees of Congress an annual interim report on the progress of the evaluations within two years of the date of enactment of this Act and a final report no later than three years following the date of enactment. Requires all reports and underlying data to be made publicly available upon request.

Section 404. GEARUP

Amends section 404A(b) to establish the duration of the grant as six years.

Amends section 404A by inserting a new subsection (d) to ensure that entities currently receiving a grant may reapply once the grant expires.

Amends section 404B to allow services to be provided to students during their first year of college.

Amends section 404D to allow services to be provided to students during their first year of college.

Amends section 404C(a) to require applications for grants to include a description of activities in place to coordinate, complement, and enhance services provided by other State entities.

Amends section 404D(b) to include financial and economic literacy within the counseling provided.

Further amends section 404D by inserting a new subsection (e) to make homeless or unaccompanied youth under section 725 of the McKinney-Vento Act eligible to participate in the Talent Search, Upward Bound, Student Support Services, and Educational Opportunity Centers programs.

Amends section 404H to increase the authorization level and extend the authorization through 2011.

Section 405. Federal Supplemental Educational Opportunity Grants

Amends 413A(b) to increase the authorization level and extend the authorization through 2011.

Amends section 413C(c) to ensure that institutions give priority for supplemental grants to students who receive Pell Grants and meet the requirements under section 484, and that no more than 10 percent of an institution's funds go to students who did not receive a Pell Grant in a prior year.

Amends section 413D(a) to phase out of the base guarantee beginning in fiscal year 2007. Further amends section 413D(a) to

allow the Secretary, should the allocation exceed $700,000,000 for fiscal year 2008 or any succeeding fiscal year, to allocate not more than 10 percent of such funds to institutions with at least 10 percent of students receiving Federal Pell Grants and that meet certain graduate rate criteria for Pell Grant-receiving students depending on the type of institution.

Amends section 413D(c) to increase the books and supplies allowance to $600.

Section 406. LEAP

Amends section 415A(b) to extend the authorization through 2011.

Section 407. HEP/CAMP program

Amends section 418A(b) to expand recruitment services to include those with a spouse who is a migrant or seasonal farm worker. Further amends section 418A(b) to include preparation for college entrance exams and child care and transportation among the supportive services provided. Further amends section 418A(b) to allow up to two percent of funds to be used for follow up and reporting.

Amends section 418A(c) to expand outreach and recruitment services to include those with a spouse who is a migrant or seasonal farm worker. Further amends section 418A(c) to include economic education or personal finance counseling among the services provided. Further amends section 418A(c) to specify that mentoring and guidance should be included among the follow up services provided. Further amends section 418A(c) to encourage the transfer of those in a program of two years or less to a four year institution.

Amends section 418A(h) to increase the high school equivalency program authorization to $24,000,000 and extend the authorization to 2011. Further amends section 418A(h) to increase the college assistance migrant program authorization to $16,000,000 and extend the authorization to 2011.

Section 408. Robert C. Byrd Honors Scholarships Program

Amends subpart 6 of part A by rewriting the subpart.

Section 419A authorizes the Robert C. Byrd Mathematics and Science Honors Scholarship Program. States the purposes of the section and defines the terms "Computer Science," "Eligible Student," "Engineering," "Life Sciences," "Managing Agent," "Mathematics," and "Physical Sciences." Authorizes the Secretary to make a five year award to a private, non-profit organization to manage a program of Mathematics and Science Honors Scholarships under this section. Outlines requirements for the Federal contribution to the scholarships and the maximum scholarship award. Permits the Secretary to establish eligibility criteria and operational standards for the managing agent, and review and revise those criteria as necessary. Permits the Secretary to terminate the agreement if the managing agent fails to meet the requirements and requires the Secretary to conduct outreach efforts to raise awareness of the scholarships. Outlines the duties of the managing agent. Outlines the requirements for submitting an application. Outlines several responsibilities of students for receiving and maintaining a scholar-

ship. Outlines the responsibilities of institutions of higher education.

Section 419B authorizes the Mathematics and Science Incentive Program. Authorizes the Secretary to carry out a program of assuming the obligation to pay, pursuant to the provisions of this section, the interest on a loan made, insured, or guaranteed under parts B and D of title IV. Outlines the eligibility criteria for inclusion in the program. Outlines limitations on the obligations the Secretary is permitted to assume. Outlines the responsibilities of the Secretary in selecting program participants. Subjects the payment of interest under this section to the availability of appropriations. Outlines the period during which the Secretary is required to pay interest on behalf of the borrower. Requires the Secretary to pay to each eligible lender or holder for each payment period the amount of interest that accrues on a loan. Outlines the application procedures for eligible borrowers. Defines criteria for including a consolidation loan in this program. Prohibits the receipt of benefits under this program and several others. Defines the terms "High Need Local Educational Agency" and "Mathematics, Science, or Engineering Professional."

Section 419C authorizes the Mathematics and Science Education Coordinating Council Grants program. Outlines the purposes of the program and defines the terms "Eligible State" and "Mathematics and Science Education Coordinating Council." Authorizes the Secretary to use not more than $5 million to award competitive grants to eligible States for the purposes of carrying out activities under this section. Outlines the authorized uses of funds. Outlines the application process. Requires the Governor of a State, or the State entity described in section (b)(1)(B) to consult with a variety of State entities with respect to the activities undertaken under this section. Outlines several administrative provisions related to the awarding of grants under this section. Requires States that receive a grant under this section to submit an annual accountability report to the Secretary. Requires the Secretary to evaluate the activities funded under this section and report his or her findings to the authorizing committees of Congress. Also requires the Secretary to broadly disseminate successful practices developed under this section. Prohibits the Secretary for making the grant payment for more than two years if he or she determines that the State is not making substantial progress in meeting the goals required under this section.

Section 419D authorizes $41 million for this subpart for fiscal year 2006 and such sums for the five succeeding years.

Section 409. Child Care Access

Amends section 419N(g) to extend the authorization to 2011.

Section 410. Learning Anytime Anywhere Partnerships

Repeals subpart 8 of part A. Amends section 400(b) to make a conforming amendment.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

Section 421. Reauthorization of Federal Family Education Loan program

Amends section 421(b) to reference loan processing and issuance fee rather than administrative cost allowance.

Amends section 424(a) to extend Federal insurance on student loans to 2012. Further amends section 424(a) to extend Federal insurance on student loans for students who have other loans under this part and are continuing their education through 2016.

Amends sections 428(a) and 428C(e) to continue the authorization for the guaranteed and consolidation loan programs.

Section 422. Loan limits

Amends sections 425(a) and 428(b) to increase the maximum annual loan limits for freshmen from $2,625 to $3,500 and for sophomores from $3,500 to $4,500.

Amends section 428C(a) by inserting a new clause (ii) in paragraph (3)(B)to clarify that the underlying loans in a consolidation loan will count against a borrower's aggregate borrowing limits.

Establishes that amendments made by this section will apply to loans made, insured, or guaranteed under part B or part D beginning July 1, 2007.

Section 423. Interest rates and special allowances

Amends section 427A(k) to repeal the interest rate change to a fixed interest rate scheduled to take effect in 2006.

Amends section 427A by striking subsection (l) with regards to interest rates for new loans on or after July 1, 2006.

Amends section 455(b) to repeal the interest rate change to a fixed interest rate scheduled to take effect in 2006. Further amends section 455(b) by striking paragraph (7) with regards to interest rates for new loans on or after July 1, 2006.

Further amends section 427A(k) by specifying in the heading of paragraph (4) that the paragraph applies to loans made before July 1, 2006. Further amends section 427A(k) by inserting a new paragraph (5) to provide borrowers a choice between a variable rate and a fixed rate for all consolidation loans made on or after July 1, 2006. Establishes how the interest rates will be determined and establishes an interest rate cap.

Amends section 455(b) by specifying in the heading of subparagraph (D) of paragraph (6) that the subparagraph applies to loans made before July 1, 2006. Further amends section 455(b) by inserting a new subparagraph (E) in paragraph (6) to provide borrowers a choice between a variable rate and a fixed rate for all consolidation loans made on or after July 1, 2006. Establishes how the interest rates will be determined and establishes an interest rate cap.

Makes technical amendment to section 428C.

Makes technical and conforming amendments to section 438(b). Further amends section 438(b) by striking clauses (v), (vi), and (vii) and inserting a new clause (v) in subparagraph (I) of paragraph (2) that requires the annual return of excess interest to the Federal treasury, outlines how the excess interest is to be calculated, and defines the term "special allowance support level." States that the

amendments made to this subsection do not apply to any loans made under this section before July 1, 2006.

Section 424. Additional loan terms and conditions

Amends section 428(b) by inserting a new subparagraph (H) in paragraph (1) to require guaranty agencies to collect a single insurance premium equal to no more than 1 percent of the loan principal for loans for which the first disbursement of principal is made before July 1, 2006, or for the collection and deposit into the Federal Student Loan Reserve Fund of a Federal default fee of 1 percent of the loan principal for loans made on or after July 1, 2006. Further amends section 428(b) in paragraph (N) to require the disbursement of loan funds to students attending foreign schools to be sent to the institution but made payable to the student. Also requires the endorsement or other certification by the student. Further amends section 428(b) to prohibit the Secretary from restricting the proportions or ratios by which payments may be graduated with the informed agreement of the borrower. Further amends section 428(b) by inserting a new clause (iv) in subparagraph (A) of paragraph (9) to provide for an interest only repayment plan, so long as the interest amounts to at least $600, for the first two years of repayment.

Amends section 428H(h) to require guaranty agencies with agreements with the Secretary under section 428(b)(1) to, in lieu of the insurance premium, collect and deposit into the Federal Student Loan Reserve Fund a Federal default fee of 1 percent of the loan principal for loans made on or after July 1, 2006.

Amends section 428A(a) by inserting a new subparagraph (C) in paragraph (1) to prohibit the Secretary from waiving the Federal default fee under sections 428(b)(1)(H) and 428H(h).

Amends section 428B(a)(1) by inserting a new subparagraph (C) in paragraph (3) to ensure parents who have been convicted of fraud have paid off their student loans before they are able to take out additional loans.

Amends section 455(d) to make technical and conforming amendments to align repayment plans in part D with repayment plans in part D.

Amends section 438(c) by inserting a new subparagraph heading in paragraph (2) to read: "(A) In General—." Further amends section 438(c) by inserting a new subparagraph (B) within paragraph (2) to gradually reduce origination fees paid by students to 0 percent by 2010 for loans, except consolidation loans, made under part B.

Amends section 455(c) to reduce origination fees to 1 percent by 2010 for loans, except PLUS loans and consolidation loans, made under part D. Further amends section 455(c) by prohibiting the Secretary from waiving any amount of the loan fee prescribed under this section as part of a repayment incentive. Also prohibits the Secretary from providing any repayment incentive before a borrower enters repayment.

Further amends section 438(c) by inserting a new paragraph (9) that establishes a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal for consolidation loans.

Further amends section 455(c) by inserting a new paragraph (4) that establishes a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal for consolidation loans.

Section 425. Consolidation loan changes

Amends section 428C(a) to terminate a student's status as an eligible borrower under this section and section 455(g) upon the receipt of a consolidation loan. Further amends section 428C(a) by inserting a new subclause (V) in clause (i) of subparagraph (B) of paragraph (3) to allow a student who has already consolidated their loan to obtain a subsequent Direct Loan consolidation loan only for the purposes of obtaining an income contingent repayment plan and only if the loan has been submitted to the guaranty agency for default aversion. Further amends section 428C(a) to include a cross-reference to section 428(b)(7)(A) in subclause (I) of clause (ii) of subparagraph (3). Further amends section 428C(a) by striking subparagraph (C) of paragraph (3) with regards to spousal consolidation.

Amends section 428C(b) to require the Secretary to offer any eligible borrower that is denied a consolidation loan, or a consolidation loan with income-sensitive repayment terms, by an eligible lender under subsection (a)(1) of this section, a direct consolidation loan if the eligible borrower submits an application. The Secretary is required to offer such loans to a borrower who has defaulted so that the borrower may resolve the default. Further amends section 428C(b) by requiring lenders of consolidation loans to have an eligible borrower certify, if all of his or her loans are held by a single holder, that he or she has notified that holder of his or her interest in receiving a consolidation loan and strikes language that required borrowers with a single holder to consolidate with that holder. Further amends section 428C(b) by striking an outdated references to a minimum loan balance required for consolidation. Further amends section 428C(b) by inserting a new subparagraph (F) in paragraph (1) that requires the consolidating lender to provide a borrower with a clear and conspicuous notice of the effects of consolidation on a borrower's total interest to be paid, fees and length of repayment; the effects of consolidation on a borrower's underlying loan benefits; the ability of the borrower to pre-pay the loan, pay on a shorter schedule, change repayment plans, and information making clear how borrower benefit programs may vary among lenders and loan holders; the tax benefits for which the borrower might be eligible; the consequences of default; and that by applying for the consolidation loan, the borrower is not obligated to take the loan.

Amends section 428(b) to require the repayment period to begin the day after 6 months after the date the student ceases to carry at least on-half the normal full-time academic workload as determined by the institution.

Establishes the effective date for the amendments under subsection (a)(2)(A) of this section of H.R. 609 as July 1, 2006.

Amends sections 455(a) and 455(g) to align consolidation loans under part D with the requirements of this section.

Section 426. Deferment of student loans for military service

Amends section 428(b) by inserting a new clause (iii) in subparagraph (M) of paragraph (1) to provide loan deferments for up to three years for individuals serving on active duty or performing National Guard duty during a war or other military operation or emergency.

Amends section 455(f) by inserting a new subparagraph (C) in paragraph (2) to provide loan deferments for up to three years for individuals serving on active duty or performing National Guard duty during a war or other military operation or emergency.

Amends section 464(c) by inserting a new clause (iii) in subparagraph (A) of paragraph (2) to provide loan deferments for up to three years for individuals serving on active duty or performing National Guard duty during a war or other military operation or emergency.

Amends section 481 by inserting a new subsection (d) that defines the terms "Active Duty," "Military Operation," "National Emergency," "Serving on Active Duty," and "Qualifying National Guard Duty."

States that nothing in these amendments authorizes the refunding of any repayment on a loan.

Establishes the effective date for these amendments as July 1, 1993.

Section 427. Loan forgiveness for service in areas of national need

Rewrites section 428K to amend the Loan Forgiveness for Child Care Providers program. Renames the program the Loan Forgiveness for Service in Areas of National Need program. Outlines the purposes of the section. Authorizes the Secretary to assume the obligation to repay a qualified loan amount for a loan made, insured, or guaranteed under this part or part D (excluding PLUS and consolidated loans) by a borrower who has been employed full-time for at least five consecutive complete school, academic, or calendar years in an area of national need, and is not in default on a loan for which the borrower seeks forgiveness. Forgiveness is awarded on a first-come, first-served basis subject to the availability of appropriations. Identifies the areas of national need as being early childhood educators, nurses, foreign language specialists, librarians, highly qualified teachers of bilingual education in low-income communities, first responders in low-income communities, child welfare workers, and speech-language pathologists. Provides the Secretary the authority to designate the areas of national need. Establishes the qualified loan amount as being not more than $5,000. Prohibits a borrower from receiving a benefit for the same service under both this section and subtitle D of title I of the National and Community Service Act of 1990. Prohibits a borrower from receiving a reduction of loan obligations under both this section and sections 428J or 460. Defines the terms "Child Care Facility," "Critical Foreign Language," "Early Childhood Educator," "Eligible Preschool Program," "Low-Income Community," "Nurse," and "Speech-Language Pathologist." Authorizes such sums as may be necessary for fiscal years 2006–2011.

Section 428. Unsubsidized Stafford Loans

Amends section 428H(d) to increase the maximum annual loan limits for unsubsidized loans for graduate students from $10,000 to $12,000.

States that this amendment will apply to loans made on or after July 1, 2007.

Section 429. Elimination of termination dates from Taxpayer-Teacher Protection Act of 2004

Amends section 438(b) as amended by the Taxpayer-Teacher Protection Act of 2004 to eliminate the termination dates for special allowance payments. Further amends section 438(b) by inserting a new clause (vi) in subparagraph (B) of paragraph (2) to require the quarterly rate of the special allowance to be the rate determined under subparagraphs (A), (E), (F), (G), (H), or (I) for a holder of loans that were made or purchased on or after October 1, 2005, or for a holder of loans that were not earning a quarterly rate of special allowance determined in this subsection as of October 1, 2005.

Amends section 3(b) of the Taxpayer-Teacher Protection Act of 2004 by striking paragraph (3) with regards to the effective date for new borrowers to be eligible for loan forgiveness.

Amends section 428J(a) by including a cross-reference to a new subsection (g)(3).

Amends section 428J(c) by inserting a new subparagraph (C) in paragraph (3). The new subparagraph (C) includes elementary or secondary school teachers who primarily teach reading. To qualify, such teachers must meet the requirements of subsection (b) of this section, have obtained a separate reading instruction credential from the State in which the teacher is employed and be certified by the chief administrative officer of the public or non-profit private elementary or secondary school in which the borrower is employed to teach reading as being proficient in teaching the essential components of reading instruction and as having such credential.

Amends section 428J(g) by inserting a new paragraph (3) to establish guidelines for private school teachers to qualify under this section for the loan forgiveness.

Amends section 460(a) by inserting a cross-reference to a new subsection (g)(3).

Amends section 460(g) by inserting a new paragraph (3) to establish guidelines for private school teachers to qualify under this section.

Section 430. Additional administrative provisions

Amends section 428(b) to require 100 percent insurance on "exempt claims." Further amends section 428(b) by changing the insurance rate from 98 percent to 96 percent in the case of a loan for which the first disbursement of principal is made or on after July 1, 2006.

Amends section 428(c) by inserting a new subparagraph (G) in paragraph (1) to require 100 percent reinsurance on "exempt claims" and define "exempt claims" under this new subparagraph. Further amends section 428(c) by inserting a new subparagraph (H) in paragraph (1) to reduce the reinsurance rate from 95 percent to 93 percent for loans for which the first disbursement of principal is made on or after July 1, 2006 described in subparagraphs (A)

and (B). Further amends section 428(c) to eliminate the requirement that forbearance agreements be documented in writing. Further amends section 428(c) by inserting a new paragraph (10) that requires forbearance agreements to be recorded and confirmed with the borrower. Further amends section 428(c) by inserting a heading for clause (i) in paragraph (2)(A) and inserting a new clause (ii) to require the guaranty agreements to include requirements establishing procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans. Further amends section 428(c) by amending a cross-reference by redesignating certain subparagraphs as clauses, and by adding new subparagraphs (B) and (C). The new subparagraphs require guaranty agencies, beginning October 1, 2006, to not charge collection costs that are more than 18.5 percent of the outstanding principal and interest of a defaulted loan that is paid off through consolidation; return to the Secretary a portion of the collection charge equal to 8.5 percent of the outstanding principal and interest of such defaulted loan; and, beginning October 1, 2009, to return to the Secretary the entire amount charged with respect to each defaulted loan that is paid off with excess consolidation proceeds. The new subparagraphs also define the term "excess consolidation proceeds."

Amends section 428I which outlines the rules for exceptional performance. States that the Secretary is required to designate eligible lenders and servicers that meet certain performance measures for exceptional performance, and to notify the guaranty agencies of the lenders and servicers receiving the designation. Outlines the performance measures eligible lenders and servicers must meet to receive the designation. Requires each guaranty agency to provide the Secretary with other information in its possession regarding lenders and servicers requesting the exceptional performance designation from the Secretary. Outlines the basis for the Secretary's decision. States that any lender or servicer designated for exceptional performance as of the day before the date of enactment of the College Access and Opportunity Act of 2005 shall continue to be so designated and subject to the requirements of this section as in effect on that day until the performance standards described in this section are established. Prohibits the Secretary from designating any additional lenders or servicers until the new performance standards are established. Requires guaranty agencies to pay, to each eligible lender or servicer, 98 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or servicer for the one year period following the receipt by the guaranty agency of the notification of designation under this section, or until the guaranty agency receives notice from the Secretary that the designation of the lender or servicer has been revoked. Requires the Secretary to revoke the exceptional performance designation if a lender or servicer fails to meet the performance standards, gained the designation through fraud, or is failing to operate in accordance with regulations. States that this section does not limit the ability of guaranty agencies to require the submission of claims documentation evidencing servicing performed on loans, except that the guaranty agency may not require greater documentation than that required for lenders and servicers not receiving the exceptional performance designation.

States that loans reimbursed under this section will not be subject to additional review by the Secretary or repurchase by the guaranty agency unless a determination is made by the Secretary that the lender or servicer engaged in fraud or other purposeful misconduct in obtaining the exceptional performance designation. Grants the Secretary the authority to terminate the exceptional performance designation of lenders and servicers if he or she determines that the termination would be in the best interests of the United States. Defines the terms "Eligible Loan" and "Servicer." Establishes the effective date of these amendments as July 1, 2006. Makes additional technical amendments.

Amends section 428A(a) by striking the authority of the Secretary to waive the prohibition on inducements under certain circumstances within the Voluntary Flexible Agreements (VFA).

Amends section 428A(c) by striking the existing paragraph (3) and inserting a new paragraph (3) that requires the Secretary to publish notification in the Federal Register of any new agreements and allow public comment on the proposed agreement prior to final approval.

Amends section 428B(a)(1) by adding at the end, a new subparagraph which requires parents convicted of or who have plead guilty to a crime involving fraud in obtaining funds under this title complete repayment of the funds to the Secretary before they are eligible to receive additional funds.

Amends section 428F(a) to strike the requirement for 12 months of consecutive payments and insert a requirement for nine payments made within 20 days of the due date during 10 consecutive months. Further amends section 428F(a) by inserting a new subparagraph (C) of paragraph (1) to codify the collection costs permissible for rehabilitated loans at up to 18.5 percent of the outstanding principle and interest of the loan.

Amends section 428F by inserting a new subsection (c) that requires, where appropriate, each program described under subsection (b) of section 428F to make available financial and economic education materials for the borrower.

Amends section 432(k) to require the Secretary to provide financial and economic education and counseling.

Amends section 430A(a) to require loan holders to report loan information to all national credit bureaus.

Amends section 432(l) to include the anticipated graduation date.

Amends section 432 by striking subsection (n) with regards to Default Reduction Management.

Amends section 435(d) by amending paragraph (2) to establish new requirements for institutions to become an eligible lender in the FFEL program. Establishes that an eligible institution is permitted to use a portion of the proceeds from special allowance payments, interest payments from borrowers, interest subsidies from the Department, and any proceeds from the sale or other disposition of loans for need based aid and reasonable, direct administrative expenses. Requires an institution to ensure that the proceeds received under this paragraph are used to supplement, and not supplant, non-Federal funds that would otherwise be used for need-based grant programs. Prohibits schools from acting as PLUS lenders and as lenders to undergraduate students.

Amends section 437(a) to state that a borrower who has been certified as permanently and totally disabled by the Department of Veteran Affairs or the Social Security Administration will not be required to present further documentation.

Amends section 437(c) to include a parent's eligibility within the false certification section.

Amends section 439(d) by striking paragraph (3) with regards to the perfection of security interests in student loans.

Amends section 428(a) by inserting a new subclause (III) of clause (v) of subparagraph (A) of paragraph (3) to prohibit a lender from receiving interest on a loan disbursed through an escrow agent for any period that precedes the date that is 3 days before the first disbursement of the loan.

Further amends section 428(c) by requiring a guaranty agency to file a claim for reimbursement with respect to losses under this subsection within 30 days after the agency discharges its insurance obligation on the loan rather than 45 days.

Amends section 428(i) by amending from 21 days to 10 the timeline for lenders to make payments into the escrow account prior to the date of the disbursement of the installment to the borrowers.

Amends section 428G(e) by striking the reference that limits the applicability of this subsection to foreign institutions.

Amends section 428H(e) by striking paragraph (6) and inserting a new paragraph (6) to prohibit a lender from receiving interest on a loan under this section for any period that precedes the dates described in section 428(a)(3)(A)(v).

Amends section 438(b) to require the daily interest to be computed using the interest rate described in section 3902(a) of title 31, United States Code.

Makes technical amendments.

PART C—FEDERAL WORK-STUDY PROGRAMS

Section 441. Authorization of appropriations

Amends section 441(b) by extending the authorization through 2011.

Section 442. Community service

Amends section 441(c) to remove the requirement that eligible child care services be open and accessible to the community.

Section 443. Allocation of funds

Amends section 442(a) to phase out of the base guarantee beginning in fiscal year 2007. Further amends section 442(a) to permit the Secretary, should the allocation for this program exceed $700,000,000, to allocate not more than 10 percent of the excess to eligible institutions with at least 10 percent of students receiving Federal Pell Grants and that meet certain graduate rate criteria for Pell Grant-receiving students depending on the type of institution.

Establishes the effective date for the amendments made here and funds appropriated under section 441(441b) as 2008.

Section 444. Books and supplies

Amends section 442(c) by increasing the books and supplies allowance to $600.

Section 445. Job location and development

Amends section 446(a) to increase the amount and percentage of funds eligible for job location and development programs to 15 percent or $75,000, which ever is less. Further amends section 446(a) to specify that at least one-third of this amount must be specifically allocated to locate and develop community service jobs.

Section 446. Work college

Amends section 448 to strike "work-learning" and "work-service" and insert "work-learning-service."

Amends section 448(e) with regards to the definition of "work-college." Further amends section 448(e) by striking "work-learning" and inserting "work-learning-service" in paragraph (2) and amending the definition of "comprehensive student work-learning-service" in paragraph (2).

Amends section 448(f) by extending the authorization through 2011.

PART D—FEDERAL DIRECT LOAN PROGRAM

Section 451. Reauthorization of the Direct Loan program

Amends section 458(a) by increasing the authorization each year and extending the authorization through 2011.

Amends section 458(b) by establishing that the calculation basis will be 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.

Amends section 458(c) by striking subparagraphs (A) through (E) of paragraph (1) and inserting new subparagraphs (A) through (F) that establish new account maintenance fee caps.

Amends section 455(e) to strike the requirement that the borrower files a Federal income tax return jointly with his or her spouse.

PART E—FEDERAL PERKINS LOAN PROGRAM

Section 461. Reauthorization of programs

Amends section 461(b) to extend the authorization of the program through 2012. Further amends section 461(b) to extend the authorization for loans to students to continue or complete courses of study through 2017.

Amends section 466 to extend the time frame after which an institution would have to return funds to the Secretary.

Amends section 462(a) to phase out of the base guarantee beginning in fiscal year 2008.

States that the effective date for the amendments to section 462(a) will be fiscal year 2008.

Amends section 462(c) to increase the books and supplies allowance to $600.

Section 462. Loan terms and conditions

Amends section 464(a) to increase the annual maximum loan limits from $4,000 to $5,500 for undergraduates and from $6,000 to $8,000 for graduate or professional students. Further amends section 464(a) to increase the aggregate loan limits for undergraduates from $20,000 to $27,500 and for graduate and professional students from $40,000 to $60,000. Further amends section 464(a) to increase the aggregate loan limits for students not otherwise covered under this paragraph from $8,000 to $11,000.

Amends section 464(e) to strike the requirement that a borrower must request forbearance in writing.

Amends section 464(f) to strike the terms schools must meet to allow compromise payments on defaulted loans; prohibits compromise payments on defaulted loans unless the Secretary grants approval.

Amends section 464(h) to lower from 12 to nine the number of consecutive payments that are required to be made for a loan to be considered rehabilitated.

Section 463. Loan cancellation

Amends section 465(a) by striking clause (iii) of subparagraph (A) of paragraph (3) with regards to the percentage of loan forgiveness for members of the Armed Forces. Further amends section 465(a) by allowing for loan forgiveness for members of the Armed Forces at the same rate as is provided teachers who teach in a title I local educational agency; special education teachers; law enforcement officers; teachers in math, science, foreign languages, bilingual education, or other high need areas as defined by the State educational agency; nurses or medical technicians; and employees of a public or private nonprofit child or family service agency.

Section 464. Technical amendments

Amends section 462(g) to clarify that consecutive payments are consecutive monthly payments.

Amends section 463(a) to require the Secretary to carry out the provisions of paragraph (4)(A). The Secretary is now only permitted to carry out these provisions.

Amends section 464(c) to correct incorrect designations.

Amends section 465(a) to correct a cross-reference. Further amends section 465(a) by making a technical correction.

Amends section 467(b) to correct a cross-reference.

Amends section 469(c) to correct cross-references to the Individuals with Disabilities Education Act.

PART F—NEED ANALYSIS

Section 471. Significantly simplifying the student aid application process

Amends section 479(b) by striking clause (i) of subparagraph (A) of paragraph (1) and inserting a new clause (i) to redefine the requirements a dependent student must meet to be eligible to file the simplified needs test. Further amends section 479(b) by striking clause (i) of subparagraph (B) of paragraph (1) to redefine the requirements an independent student must meet to be eligible to file the simplified needs test.

Amends section 479(c) by striking subparagraph (A) of paragraph (1) and inserting a new subparagraph (A) to redefine the characteristics a dependent student must meet in order to be considered as having an expected family contribution of zero. Further amends section 479(c) by striking subparagraph (A) of paragraph (2) and inserting a new subparagraph (A) to redefine the characteristics an independent student must meet in order to be considered as having an expected family contribution of zero.

Amends section 479 by inserting new subsections (d) and (e) to define the term "Means-Tested Federal Benefit Program" and require the Secretary to regularly evaluate the impact of the eligibility guidelines in this section to ensure that the simplified needs test continues to be targeted to the maximum number of low- and moderate-income students.

Amends section 483(a) by striking paragraphs (1), (2), and (5) and redesignating certain paragraphs. Further amends section 483(a) by inserting new paragraphs (1) through (8). Paragraph (1) requires the Secretary to cooperate with student financial assistance organizations to produce, distribute, and process free of charge common financial reporting forms to be used for determining financial need and eligibility. The forms should be in both paper and electronic format and should be referred to as "Free Application for Federal Student Aid" or "FAFSA." Paragraph (2) requires the Secretary to permit applicants to complete such forms in the years prior to enrollment in order to obtain a non-binding estimate of the family contribution, and requires the Secretary to evaluate the differences between the estimates and the actual determinations two years after this paragraph is implemented and submit a report to the authorizing committees of Congress on the results of the evaluation. Paragraph (3) requires the Secretary to develop a common paper form and an EZ–FAFSA for students with an expected family contribution of zero. Outlines what is to be included in the EZ–FAFSA. Requires the Secretary to encourage applicants to use the electronic FAFSA forms that the Secretary must maintain. Outlines how the Secretary must maintain the electronic forms. Requires the Secretary to report annually to Congress on the impact of the digital divide on students completing applications for title IV aid and steps being taken to eliminate the divide. Paragraph (4) requires the Secretary to develop a common electronic form. Outlines what is to be included on the form. Requires the Secretary to develop a simplified electronic application for students with an expected family contribution of zero. Outlines what is to be included on the simplified form. Requires the Secretary to ensure that electronic data collection protects applicants' privacy and permits the Secretary to allow electronic forms to be submitted without a signature if the signature is subsequently submitted by the applicant. Paragraph (5) requires the Secretary to develop a streamlined reapplication process. The Secretary is also required to continue reducing the data elements on the FAFSA and report on this to Congress. Paragraph (6) requires the Secretary, in consultation with Sate agencies, to include on the forms such State- specific data items as the Secretary determines are necessary. Requires the Secretary to conduct an annual review. Requires the Secretary to encourage States to take steps to encourage the use of simplified application forms. Requires the Secretary to annually publish in

the Federal Register a notice requiring State agencies to inform the Secretary if the State is unable to utilize the simplified application forms and the State-specific data that the State agency requires for delivery of State need-based aid. Requires State notification to the Secretary regarding the use of application forms. Requires the Secretary, if the State does not provide proper notice, to permit residents of the State to complete simplified forms and not require them to complete any data previously required by that State. Paragraph (7) prohibits the Secretary from charging students or parents for the use of the FAFSA in any of its forms. Requires the use of the FAFSA for determining need for aid under most title IV programs. Requires organizations that charge students and parents to assist them with the filing of a FAFSA to provide several notices regarding the nature of the FAFSA. Paragraph (8) requires the Secretary to initiate the processing of forms under this section as early as practicable prior to January 1 of the student's planned year of enrollment.

Amends section 482(a) to require proposed modifications, updates, and notices to be published in the Federal Register by March 1.

Amends section 483 by inserting a new subsection (e) to require the Secretary to utilize savings accrued by moving more applicants to the electronic form to improve access to the electronic forms for students with an expected family contribution of zero.

Amends section 480(d) by striking paragraph (2) and inserting a new paragraph (2) with regards to include in the definition of "Independent Student" any student who is an orphan, in foster care, or a ward of the court, or was in foster care or a ward of the court until the individual reached the age of 18.

Section 472. Additional need analysis amendments

Amends section 475(g) to increase the dependent student work protection allowance from $2,200 to $3,000 beginning July 1, 2006.

Amends section 478(h) by striking an incorrect cross-reference and clarifying what expenses are allowable under the employment expense allowance.

Amends section 479A(a) by inserting a new heading for the subsection and a new paragraph (1). Further amends section 479A(a) by inserting a new paragraph (2). Further amends section 479A(a) to include a student's status as a ward of the court before turning 18, a homeless or unaccompanied youth under section 725 of the McKinney-Vento Act, and an individual who was adopted at or after age 13 as special circumstances under the new paragraph (2). Further amends section 479A(a) by inserting new paragraphs (3) and (4) as technical amendments.

Amends section 480(d) to treat active duty members of the military as independent students for purposes of need analysis.

Amends section 480(e) by inserting a new paragraph (5) to exclude distributions from a qualified tuition program established under section 529 of the Internal Revenue Code of 1986 that is not included in gross income calculations under section 529.

Amends section 480(f) with regards to the definition of assets by including qualified tuition programs established under section 529 of the Internal Revenue Code of 1986. Further amends section 480(f) by inserting a new paragraph (2) to clarify that qualified tui-

tion programs under section 529 of the Internal Revenue Code of 1986 will not be treated as an asset for a dependent student under section 475. The new paragraph (2) also clarifies how the value of a qualified tuition program will be calculated for the purposes of determining the assets of parents or independent students.

Amends section 480(j) by striking "; Tuition Prepayment Plans" from the heading of the subsection, striking paragraph (2), and inserting language in paragraph (3) to exclude distributions from a qualified tuition program under section 529 of the Internal Revenue Code of 1986 that are not includable in gross income calculations from counting as a resource. Further amends section 480(j) by inserting a new paragraph (3) that excludes assistance not received under this title from both estimated financial assistance and cost of attendance, if that assistance is designated by the State providing that assistance to offset a specific component of the cost of attendance. This new paragraph also states that if the assistance is excluded from either estimated financial assistance or cost of attendance, it must be excluded from both.

Further amends section 480(f) by inserting a new subparagraph (C) in paragraph (3) that exempts small businesses with 100 or fewer full-time or full-time equivalent employees that is owned or controlled by the family.

PART G—GENERAL PROVISIONS RELATING TO STUDENT FINANCIAL ASSISTANCE

Section 481. Definitions of academic year and eligible program

Amends section 481(a) by amending paragraph (2) to reduce the 30-week requirement for clock hour schools to 26 weeks. Further amends section 481(a) by granting the Secretary the authority to reduce the 30 week minimum for credit hour schools to 26 weeks as appropriate on a case-by-case basis.

Amends section 481(b) by inserting a new paragraph (3) to include within the definition of eligible program an instructional program that utilizes direct assessment of student learning or recognizes the direct assessment of student learning by others in lieu of credit hours or clock hours as the measure of student learning. This eligibility determination must be made by the Secretary for institutions being deemed eligible for the first time. Requires the Secretary to provide an annual report to Congress identifying the programs made eligible under this paragraph.

Section 482. Distance education

Amends section 481(b) by inserting a new paragraph (4) to provide a definition of distance education as an eligible program for title IV purposes.

Amends section 484(l) by striking the one year or longer program of study requirement for a telecommunication course to not be considered a correspondence course; and, by striking the requirement that less than 50 percent of an institution's courses be telecommunications or correspondence courses in order for telecommunications courses to not be considered correspondence courses. Further amends section 484(l) by excluding institutions described in the Carl D. Perkins Vocational and Technical Education Act of 1998.

Section 483. Expanding information dissemination regarding eligibility for Pell Grants

Amends section 483(a) by inserting a new paragraph (8) to require the Secretary to make a special effort to notify students and parents who qualify for free lunch, food stamps, or other such programs, of their potential eligibility for a maximum Pell grant.

Section 484. Student eligibility

Amends section 484(a) by inserting a new paragraph (6) that requires students who have plead guilty or no contest to a crime involving fraud in obtaining funds under this title, to have fully repaid the funds to the Secretary or to the holder of a loan before being considered eligible.

Amends section 484(r) by striking paragraph (1) and inserting a new paragraph (1) to clarify that only those students enrolled and receiving student aid under title IV at the time of the conviction will lose student aid eligibility.

Amends section 484(j) to clarify that students from the freely associated states will only be eligible for Pell Grants.

Amends section 484(q) to include a specific reference to the Internal Revenue Code of 1986 to define what information the Secretary will have access to.

Amends section 484(b) to include incarcerated parents among those not eligible for Federal loans. Further amends section 484(b) by prohibiting a student who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined by the Secretary) from being eligible for a loan under this title.

Section 485. Institutional refunds

Amends section 484B(a) to clarify that LEAP funds are excluded from the requirements of this section. Further amends section 484B(a) to allow for multiple leaves of absence. Further amends section 484B(a) to provide a cross-reference to subsection (d) to determine how the percentage of the enrollment period or payment period that has been completed will be calculated. Further amends section 484B(a) to require the institution to contact a student who is eligible for a late disbursement or post-withdrawal disbursement and obtain confirmation that the loan funds are still required by the student, explain to the student his or her obligation to repay the funds, and document in his or her file the result of such contact and the final determination.

Amends section 484B(b) to provide an institution with 45 days from the date of the determination that a student has withdrawn to return the loan funds. Further amends section 484B(b) to clarify the rule that protects 50 percent of a student's grant funds. Further amends section 484B(b) by stating that students do not have to return amounts of $50 or less. Further amends section 485B(b) by inserting a new subparagraph (D) in paragraph (2) to permit the Secretary to waive the Pell Grant amounts that students are required to return under this section if the withdrawals are by students residing in, employed in, or attending an institution that is located in an area in which the President has declared that a major disaster exists and whose attendance was interrupted because of the impact of the disaster on the student or the institution; and,

if the withdrawals end within the academic year during which the declared disaster occurred or during the next succeeding academic year.

Amends section 484B(d) by making technical amendments. Further amends section 484B(d) by amending subparagraph B of paragraph (2) to mean the clock hours scheduled to be completed by the student in the period as of the last date of attendance, not to exceed 150 percent of the hours completed by the student in the period.

Section 486. Institutional and financial assistance information for students

Amends section 485(a) to ensure that the information required under this section is made publicly available through appropriate outlets and included in reports required by the institution's accrediting agency. Further amends section 485(a) by including information about the institution's educational mission and goals in the information an institution provides to students. Further amends section 485(a) by striking subparagraph (L) in paragraph (1) and inserting a new subparagraph (L) to expand the information institutions are required to provide students to include student outcomes for full time undergraduate students. Further amends section 485(a) to require institutions to include the process for registering any complaints with the appropriate accrediting agencies or associations in the information disclosed to students. Further amends section 485(a) by making a technical amendment to subparagraph (M) of paragraph (1). Further amends section 485(a) by inserting new subparagraphs (P) and (Q) in paragraph (1) to expand the information institutions must provide students to include the penalties found in the drug provision in section 484(r) and the institution's policies for accepting transfer of credit. The information regarding transfer of credit must include a statement that such decisions will not be based solely on the accrediting agency of the sending institution as long as the accrediting agency is recognized by the Secretary. States that nothing in the transfer of credit amendments authorizes an officer or employee of the Department to exercise any direction, supervision, or control over curriculum, program of instruction, administration, or personnel of any institution or accrediting agency. Further amends section 485(a) by striking paragraph (6) and inserting a new paragraph (6) to provide institutions an opportunity to provide supplemental data to enrolled and prospective students on the completion or graduation rate for students who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government; and, inserting a new paragraph (7) to allow institutions now participating in the National Survey on Student Engagement (NSSE), Community College Survey of Student Engagement (CCSSE), or other similar survey to publicly report that data.

Amends section 485(b) by inserting a new paragraph (3) to require institutions to include in their exit counseling material the same consumer protection language required by lenders with regard to consolidation loans.

Amends section 485(f) to clarify that foreign institutions are not required to report data dealing with campus crime.

Further amends section 485(a) by inserting a new subparagraph (P) in paragraph (1) to include the fire safety report prepared by the institution.

Amends section 485 by inserting a new subsection (h) to require each institution, beginning in the first academic year that begins after the date of enactment of the Campus Fire Safety Right-to-Know Act of 2005, to prepare, publish, and distribute through appropriate publications or mailings to all current students and employees, and any applicant for enrollment or employment, an annual fire safety report. Outlines what is required to be included in the report. Also requires each institution participating in a title IV program to request each recognized fraternity and sorority, and any other student group that is recognized by the institution and that owns or controls housing facilities, to collect and report to the institution the information described in this subsection. Also requires each institution participating in any title IV program to make, keep, and maintain a log that records all on-campus fires, including the nature, date, time, and general location of each fire and all false fire alarms. These entries, except where disclosure is prohibited by law, must be open to public inspection. Each institution must also make annual reports to the campus community on such fires and false fire alarms. Each institution participating in title IV programs must also submit to the Secretary a copy of the statistics required to be available under this subsection. Requires the Secretary to review the statistics, make copies of the statistics available to the public, and identify and disseminate exemplary fire safety practices. Defines the term "campus."

Section 487. College access initiative

Amends part G by inserting a new section 485D to create a college access initiative. This new section will require the Secretary to direct each guaranty agency to gather information on programs and student aid available in the State in which the agency is designated. The information must be made available to the public free of charge and be reported to the Secretary to establish a directory of programs through web sites, publications, and other means determined by the Secretary. The new section requires each guaranty agency to establish a plan to gather and disseminate the information required. The new section outlines the information required from the guarantors and the activities the guarantors must undertake. The new section permits guarantors to utilize funds from operating funds pursuant to section 422B and, if any funds remain, from earnings on the restricted accounts under section 422(h)(4). The new section requires the Secretary and guaranty agencies to publicize the availability of the information within 270 days of enactment of this Act, particularly to traditionally underrepresented populations.

Section 488. Distance Education Demonstration Program

Amends section 486(b) to make conforming and technical changes.

Amends section 486(d) by allowing the Secretary to select up to 100 institutions in any year after the program's first year rather than only 35 institutions in the third year, and to allow up to five degree-granting, accredited correspondence schools to participate.

Section 489. College Affordability Demonstration Program

Amends part G by inserting a new section 486A. The new section provides for a College Affordability Demonstration Program to provide innovation in the delivery of higher education and student financial aid in a manner resulting in reduced costs for students and institutions and more effective delivery of education and financial aid. The new section authorizes the Secretary to select up to 100 institutions, or systems or consortia of institutions, to participate and enables the Secretary to waive requirements under this Act for participating institutions as the Secretary feels necessary to meet the purpose of this section. Limits this waiver authority by prohibiting the Secretary from waiving maximum award amounts for an academic year or loan period and requires the Secretary to determine that the waiver can reasonably be expected to result in reduced costs to students or institutions without an increase in Federal program costs. The new section defines what institutions are eligible, outlines how those institutions should apply, and outlines the criteria the Secretary should use to select participants. The new section requires the Secretary to report to the public and the authorizing committees of Congress the list of participating institutions and a list of the statutory or regulatory requirements being waived for each institution. The new section requires the Secretary to evaluate the program every two years and review the existing impediments to the implementation of innovations that result in cost savings and in expanding access to education. The new section requires the Secretary to report to the authorizing committees of Congress every two years on the progress of the demonstration program. The new section requires the Secretary to provide oversight of the participating institutions. The new section sets the termination date for the program as October 1, 2011.

Section 490. Program participation agreements

Amends section 487(a) by extending the prohibition on employing individuals responsible for administering funds under this title who have been convicted of, or pled "no contest" to, crimes involving funds under this title to include other Federal, State or local government funds. Further amends section 487(a) with a technical amendment to clarify that an institution must comply with the "return of title IV funds" policy in section 484B. Further amends section 487(a) by inserting a new subparagraph (D) in paragraph (23) to clarify that an institution is permitted to provide voter registration material electronically via the form itself or with information and a link to the forms accepted in the institution's State. Further amends section 487(a) by inserting a new paragraph (24) that requires the institution to receive at least 10 percent of its revenues from sources other than those provided under this title.

Amends section 487 by inserting a new subsection (f) to implement the non-title IV revenue requirement. Outlines how the 10 percent established in section 487(a)(24) must be calculated. States that an institution that fails to meet the requirement in section 487(a)(24) for three successive years will become ineligible to participate in the title IV programs. Also outlines sanctions the Secretary could impose on an institution that fails to meet the requirement in any given year. Requires the Secretary to identify on the

College Opportunities On-Line website any institution that fails to meet the requirements of section 487(a)(24) in any year.

Amends section 487(c) to permit the Secretary to modify the requirements for foreign schools, and to waive requirements for foreign institutions with loan volumes under $500,000.

Further amends section 487(a) by inserting a new paragraph (25) to require institutions, within one year of the date of enactment of this Act, to disclose to an alleged victim of any crime of violence or nonforcible sex offense, the final results of any disciplinary proceeding. If the victim is deceased, that information is required to be disclosed to the victim's next of kin.

Section 491. Additional technical and conforming amendments

Amends section 483(d) to correct a cross-reference to the Individuals with Disabilities Education Act.

Amends section 484(a) to make a technical correction

Amends section 484(b) to correct a cross-reference to the section of this title which authorizes unsubsidized Stafford loans for middle-income borrowers. Further amends section 484(b) by making technical amendments to strike an unnecessary reference to section 428H.

Amends section 484(l) to correct a cross-reference to the Carl D. Perkins Vocational and Education Act of 1998.

Amends section 484A(b) by extending the provisions of paragraph (2) to loans made under parts D and E of this title.

Amends section 485B(a) by making several technical amendments to correct the designations of the paragraphs within this subsection and to correct a cross-reference to a section of the United States Code.

Amends section 487A(b) by making technical amendments. Further amends section 487A(b) by authorizing the Secretary to continue the voluntary participation of institutions participating as of July 1, 2005 and the participation of any such institution unless the Secretary determines that such institution's participation has not been successful in carrying out the purposes of this section.

Amends section 491(c) by inserting a new paragraph (3) to clarify that an appointment to the Advisory Committee on Student Financial Assistance is effective upon appearing in the Congressional Record.

Amends section 491(h) with regards to payments to members of the Advisory Committee on Student Financial Assistance to conform to requirements regarding the pay of Federal employees.

Amends section 491(k) by extending the authorization of the Advisory Committee to 2011.

Amends title IV, part G by repealing section 493A with regards to year 2000 requirements at the department.

Amends section 498(c) by making a technical amendment.

Amends section 498(d) by making a technical amendment.

PART H—PROGRAM INTEGRITY

Section 495. Accreditation

Amends section 496(a) by striking subparagraph (B) in paragraph (3) to allow states to be able to apply to the Secretary to become a recognized accreditor. Further amends section 496(a) by in-

serting a new subparagraph heading (A) at the beginning of paragraph (4) of the subsection, by inserting language in the new subparagraph (A) of paragraph (4) to require accreditors to consider the stated missions of institutions of higher education, including but not limited to such missions as inculcation of religious values, and inserting a new subparagraph (B) of paragraph (4) to clarify that an accreditor who seeks to have distance education in the scope of the agency's accrediting process must demonstrate that the agency's standards effectively address the quality of an institution's distance education programs in the areas identified in paragraph (5) of this subsection; and, the agency requires that an institution that offers distance education programs to have processes by which it establishes that the student who registers in a distance education course or program is the same student who participates, completes the work, and receives the credit. Further amends section 496(a) by amending subparagraph (A) of paragraph (5) to require that accrediting agencies assess institutions' success with respect to student achievement in several areas. Further amends section 496(a) to include fiscal and administrative capacity and, under certain circumstances, board governance to the list of institutional characteristics the accreditor is required to evaluate. Further amends section 496(a) by striking paragraph (6) and inserting a new paragraph (6) that requires accreditors to establish and apply review procedures throughout the accrediting process and outlines what the procedures must provide for. Further amends section 496(a) by striking paragraph (8) and inserting a new paragraph (8) to require accreditors to make public and submit to the Secretary and the State licensing or authorizing agency a summary of agency or association actions involving any adverse action taken with respect to the institution.

Amends section 496(c) by amending paragraph (1) to ensure that members of accrediting teams are well-trained and knowledgeable about distance education. Further amends section 496(c) by inserting new paragraphs (7), (8), (9), (10), and (11), and (12) to require accreditors to include the information required in subparagraph (H) of section 485(a)(1) in the accreditors' reviews; to confirm that the institution has transfer policies that are publicly disclosed and do not deny transfer of credit based solely on the accreditation of the sending institution as long as the accreditor is recognized by the Secretary; to develop a summary available to the public of any adverse actions taken by the agency; to monitor the enrollment growth of distance education to ensure that an institution experiencing significant growth has the capacity to serve its students effectively; to disclose publicly a list of the individuals who comprised the evaluation teams during the prior calendar year and the title and institutional affiliation of each individual, a description of the agency's process for selecting, preparing, and evaluating such individuals, and any statements related to the accreditation responsibilities of such individuals; and, to review the record of student complaints resulting from the student information process described in section 485(a)(1)(J).

Amends section 496(l) by inserting a new paragraph (3) to require the Secretary to provide an annual report to Congress on accrediting agencies or associations whose status has been limited, suspended or terminated.

Amends section 498A(b) by inserting new paragraphs (6), (7), (8), and (9) to expand the requirements the Secretary must meet in fulfilling his or her responsibilities to include providing the institution an adequate opportunity to review and respond to any report or audit finding before a final determination is reached; reviewing and taking into consideration the institution's response in any final determination, and include in the final determination a written statement addressing the institution's response and stating the basis for the final determination and a copy of the institution's statement in response; maintaining and preserving the confidentiality of any report or audit until the requirements listed above are met; and, requiring that the authority to approve or issue any report or audit finding involving amounts that may exceed $500,000 is not delegated beyond the Chief Operating Officer of Federal Student Aid.

Section 496. Report to Congress on prevention of fraud and abuse in student financial aid programs

Amends title IV by inserting a new section 499. The new section requires the Secretary to commission an independent, non-partisan, comprehensive study on the prevention of fraud and abuse in title IV student financial aid programs and report the results of such study to Congress. Outlines the areas to be covered in the study. Establishes a deadline of December 31, 2007 for the Secretary to transmit the report to Congress. The report must include clear and specific recommendations for legislative and regulatory actions that are likely to significantly reduce the fraud and abuse in title IV programs.

Title V—Developing Institutions

Section 501. Definitional changes

Amends section 502(a) by clarifying that a Hispanic-Serving Institution must have an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic at the end of the award year immediately preceding the date of application. Further amends section 502(a) by striking the requirement that a Hispanic-Serving Institution provide assurances that at least 50 percent of the institution's Hispanic students are low-income.

Section 502. Assurance of enrollment of needy students

Amends section 511(c) by striking paragraph (2) with regards to the 5-year improvement plan. Further amends section 511(c) to require the institution to provide in its application for a grant assurances that the institution has an enrollment of needy students as required in section 502(b).

Section 503. Additional amendments

Amends section 502(a) to insert the requirement that the institution offer not less than a two year program that is acceptable for full credit toward a bachelor's degree.

Amends section 503(b) to insert within the uses of funds education or counseling services designed to improve financial and economic literacy of students and parents. Further amends section 503(b) by inserting within the allowable uses of funds the construction, maintenance, renovation, and improvement of instructional

facilities, the purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus. Further amends section 503(b) to insert within the allowable uses of funds the establishment of community outreach programs and partnerships between institutions and local elementary or secondary schools.

Amends section 504(a) by striking the 2-year wait out period.

Makes a technical amendment to section 514(c).

Section 504. Postbaccalaureate opportunities for Hispanic Americans

Amends title V by inserting a new part B, which authorizes the "Promoting Postbaccalaureate Opportunities for Hispanic Americans" program. Section 511 outlines the purposes of the program. Section 512 authorizes the Secretary to award competitive grants to Hispanic-serving institutions determined by the Secretary to be making substantive contributions to graduate educational opportunities for Hispanic students. Defines the term "Eligible Institution." Section 513 lists the activities grantees are authorized to undertake. Section 514 outlines how applications are to be submitted, establishes a duration of five years for grants awarded, limits to one the number of grants any single institution can receive under this part in one fiscal year.

Section 505. Authorization of appropriations

Amends section 528(a) by establishing the authorization for appropriations for this title.

Title VI—Title VI Amendments

Section 601. International and foreign language studies

Amends section 601 with regard to the findings and purposes of this Act.

Amends section 602(a) by authorizing the Secretary to award grants to support instructors of the less commonly taught languages; authorizing the dissemination of materials developed by centers and programs to local educational agencies, public and private elementary and secondary schools, and institutions of higher education; authorizing projects that support in students an understanding of science and technology in coordination with foreign language proficiency; and encouraging partnerships between two- and four-year institutions of higher education, colleges of education, and Federal and state departments and agencies.

Amends section 603(c) regarding Language Resource Centers.

Amends section 604 by authorizing additional uses of funds for sending undergraduate students on educational programs abroad to enhance their foreign language proficiency and cultural knowledge; requiring grantees to submit program evaluations; and removing the 10 percent funding cap for this section.

Amends section 605(a) by modifying authorized activities to encourage the Department of Education to engage in data collection, analysis, and dissemination of international education and foreign language needs and outputs.

Amends section 606 by permitting museums to apply for grants under this section; by authorizing funds to be used for the acquisi-

tion of printed material from abroad for the purposes of this section, the development of standards for electronic access, the means for access of international data, the establishment of linkages with institutions abroad that facilitate access to foreign information, and to provide the Department of Education with the flexibility to establish new activities that are useful for carrying out the purposes of this section, with the idea that future technological changes may enhance the activities which could be conducted under this section; and allows the Secretary of Education to waive or reduce the non-Federal share for institutions that are eligible to receive assistance under part A or B of title III or under title V and have demonstrated a need for a waiver in the grant application.

Amends section 607(b) by requiring the Secretary to take into account the degree to which grant applicants address national interests and generate and disseminate information from diverse perspectives with regard to international issues.

Amends section 608(a) with regard to equitable distribution.

Amends section 610 with regard to the authorization of appropriations.

Section 602. Business and international education programs

Amends section 612 by clarifying that minority serving institutions are eligible for assistance under this section; and by allowing the Secretary to waive or reduce the non-Federal share for institutions that receive assistance under part A or B of title III or under title V and have demonstrated a need for a waiver in the grant application.

Amends section 613 by allowing the Secretary to waive or reduce the non-Federal share for institutions that receive assistance under part A or B of title III or under title V and have demonstrated a need for a waiver in the grant application.

Amends section 614 with regard to the authorization of appropriations.

Section 603. Institution for International Public Policy

Amends section 621 by clarifying that the Institute for International Public Policy shall include all underrepresented minorities in its program in order to enhance participation in international service; by modifying the heading of section 621 to read "Program for Foreign Service Professionals"; and, by clarifying that eligible recipients include all minority serving institutions and institutions that serve substantial numbers of underrepresented students.

Amends section 622 by encouraging collaboration among colleges and universities receiving funds under this title.

Amends section 623(a) to include Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions in the study abroad program.

Amends section 624 by modifying the heading of section 624 to read "Advanced Degree in International Relations;" and by authorizing the Institute for International Public Policy's consortia of institutions to provide advanced degree programs in a variety of academic areas.

Amends section 625 to include Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions in the internships program; by repealing the Interagency Committee on Minor-

ity Careers in International Affairs; and by stating that students who participate in Internship programs under subsections (a) and (b) will be called "Ralph J. Bunche Fellows."

Amends section 626 by requiring the Secretary to submit a biennial report.

Amends section 628 with regard to the authorization of appropriations for this part.

Section 604. Evaluation, outreach, and dissemination

Amends Part D of title VI to include section 632. Section 632 authorizes the Secretary to use not more than 1 percent of the funds made available for this title for program evaluation, national outreach, and information dissemination activities.

Section 605. Advisory Board

Amends Part D of title VI to include section 633. Section 633 establishes the International Advisory Board and sets forth its mission, authorities, and purpose; clarifies that the Board will be independent of the Secretary and the Department of Education; contains provisions regarding the Board's organizational structure and membership; and sets forth the functions and operations of the Board.

Section 606. Recruiter access to students and student recruiting information; safety

Amends Part D of title VI to include sections 634 and 635. Section 634 sets forth provisions regarding recruiter access to students for the purpose of recruiting for graduate opportunities or prospective employment.

Section 635 contains provisions concerning student safety.

Section 607. National study of foreign language heritage communities

Amends Part D of title VI to include section 636. Section 636 contains provisions requiring the Secretary, in consultation with the International Advisory Board, to conduct a study of foreign language heritage communities, particularly those communities that include speakers of languages that are critical to the national security of the United States; and requiring the Secretary to submit a report not later than a year after the date of enactment.

Title VII—Title VII Amendments

Section 701. Javits Fellowship program

Amends section 701 (a) by adding language after the second sentence clarifying that a master's degree in fine arts shall be considered a terminal degree.

Amends section 701(c) by allowing institutions of higher education to grant fellowship recipients an interruption of study due to active duty military service or a personal or family member illness.

Amends section 702(a)(1) with regard to the allocation of fellowships within the Jacob K. Javits program and by requiring the Secretary to ensure that one member of the fellowship board will be from a minority serving institution.

Amends section 703 with regard to stipends and by providing for institutional allowances.

Amends section 705 with regard to the authorization of appropriations.

Section 702. Graduate Assistance in Areas of National Need

Amends section 712(b) pertaining to the designation of areas of national need.

Amends section 712 by inserting subsection (c), which requires the Secretary to establish a priority for grants to prepare faculty to train highly qualified elementary and secondary school teachers of math, science and special education, and teachers who will provide instruction for limited English proficient individuals.

Amends section 713(b) to require grantees that are departments, programs, or units involved in teacher preparation to provide assurances that the grantee collaborates with other departments within the institution to ensure a successful combination of training in both teaching and content.

Amends section 714(b) with regard to stipends.

Amends section 714(c) by making technical amendments.

Amends section 715(a)(1) concerning additional assistance. Specifies that the Consumer Price Index to be used is the Consumer Price Index for All Urban Consumers.

Amends section 716 with regard to the authorization of appropriations.

Section 703. Thurgood Marshall Legal Educational Opportunity program

Amends section 721(c) pertaining to contract and grant purposes for the Thurgood Marshall Legal Educational Opportunity program.

Amends section 721(d)(1)(D) with regard to services provided.

Amends section 721(h) with regard to the authorization of appropriations.

Amends section 731 by repealing subsection (e).

Section 704. Fund for the improvement of postsecondary education

Amends section 741(a) by authorizing the Secretary to consider applications for grants that recognize the needs of non-traditional student populations; focus on technology to deliver distance education; introduce reforms that encourage students to enter and reenter postsecondary institutions and pursue postsecondary study tied to individual needs; provide support for services that improve high school graduation and college attendance and completion rates for disadvantaged students, and for programs that reduce postsecondary remediation rates, and improve degree attainment rates, for low-income students and former high school dropouts; and assess, in partnership with a public or private nonprofit institution or agency, the performance of teacher preparation programs within institutions of higher education in a State using an assessment which provides comparisons across such schools within the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach.

Amends section 741 by prohibiting funds made available under this part from being used to provide financial assistance to students who do not meet the requirements of section 484(a)(5).

Amends section 744(c) by expanding the area of national need related to articulation agreements to include dual enrollment programs between secondary schools and institutions of higher education. Further amends section 744(c) to clarify that special projects may include international partnerships with postsecondary institutions abroad, the establishment of academic programs that teach traditional American history, and institutional efforts to address pressing community needs, including support for the development of coordinated curriculum and internship opportunities for students in disadvantaged communities.

Amends section 745 with regard to the authorization of appropriations.

Section 705. Urban Community Service

Amends title VII by repealing part C, Urban Community Service program.

Section 706. Demonstration projects to ensure students with disabilities receive a quality higher education

Amends section 762(a) by allowing grants to address the needs of all students with disabilities.

Amends section 762(b)(2) by allowing grantees to assist students with disabilities with the transition between secondary and postsecondary education and to use funds to develop innovative, effective and efficient distance education programs that would enhance access of students with disabilities to postsecondary education programs.

Amends section 763 by requiring the application to include a description of how the institution will work to replicate the best practices of institutions of higher education with demonstrated success in serving students with disabilities.

Amends section 765 with regard to the authorization of appropriations.

Title VIII—Clerical Amendments

Section 801. Clerical amendments

Amends section 103 by inserting a new paragraph (1) to define the term "authorizing committees" as the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives.

Amends multiple sections with technical amendments that strike the names of the Senate and House committees and insert references to the authorizing committees.

Makes several technical amendments to multiple sections to correct headings and cross-references.

Amends section 435(a) by striking subparagraph (B) of paragraph (3) with regards to Federal Supplemental Loans for Students.

States that nothing in these amendments should be construed to alter the terms, conditions, and benefits applicable to Federal sup-

plemental loans for students under section 428A as in effect prior to July 1, 1994.

Title IX—Amendments to Other Education Laws

PART A—EDUCATION OF THE DEAF ACT OF 1986

Section 901. Laurent Clerc National Deaf Education Center

Amends section 104(a) of the Education of the Deaf Act of 1986 by referencing the Laurent Clerc National Deaf Education Center.

Amends section 104(b) of the Education of the Deaf Act of 1986 by referencing the Laurent Clerc National Deaf Education Center. Further amends section 104(b) by inserting a new paragraph (5) that requires Gallaudet University, in consultation with the Secretary, to implement standards and assessments for the programs operated by the Laurent Clerc National Deaf Education Center that are consistent with the Elementary and Secondary Education Act of 1965. The standards and assessments must be in place by the beginning of the 2007–2008 academic year. The results of the assessments must be publicly reported.

Section 902. Authority

Amends section 111 of the Education of the Deaf Act of 1986 by naming the Rochester Institute of Technology as the institution responsible for the National Technological Institute for the Deaf.

Section 903. Agreement for the National Technical Institute for the Deaf

Amends section 112(a) of the Education of the Deaf Act of 1986 by naming the Rochester Institute of Technology as the institution responsible for the National Technological Institute for the Deaf.

Amends section 112(b) of the Education of the Deaf Act of 1986 by specifying the governing body as the Rochester Institute of Technology's Board of Trustees. Further amends section 112(b) by specifying that the Board of Trustees for the Rochester Institute of Technology is responsible for accounting for the indirect costs paid by the National Technological Institute for the Deaf to the Rochester Institute of Technology. Further amends section 112(b) by correcting the reference to the House and Senate authorizing committees.

Amends section 112(c) of the Education of the Deaf Act of 1986 by referring specifically to the Rochester Institute of Technology.

Section 904. Definitions

Amends section 201 of the Education of the Deaf Act of 1986 by striking paragraph (3) with regards to the definition of institution of higher education. Further amends section 201 by inserting a new paragraph (7) that defines "RIT" as the Rochester Institute of Technology.

Section 905. Audit

Amends section 203(a) of the Education of the Deaf Act of 1986 by correcting the reference to the Government Accountability Office.

Amends section 203(b) of the Education of the Deaf Act of 1986 by requiring the National Technological Institute for the Deaf to

have an annual independent financial and compliance audit made of the Rochester Institute of Technology's programs and activities, including the Institute's programs and activities. Further amends section 203(b) by correcting section references. Further amends section 203(b) by requiring a copy of each audit be delivered to the authorizing committees of the House and Senate. Further amends section 203(b) by specifically referring to the Rochester Institute of Technology.

Amends section 203(c) of the Education of the Deaf Act of 1986 by correcting the reference to the House and Senate authorizing committees.

Section 906. Reports

Amends section 204 of the Education of the Deaf Act of 1986 by specifically referring to the Rochester Institute of Technology. Further amends section 204 by correcting the reference to the House and Senate authorizing committees. Further amends section 204 by requiring Gallaudet University and the Institute to report on the disposition of enrolled students within one year of graduation or completion.

Section 907. Liaison for educational programs

Amends section 206(a) of the Education of the Deaf Act of 1986 to strike the reference to a 30 day deadline.

Section 908. Federal endowment programs for Gallaudet University and the National Technical Institute for the Deaf

Amends section 207(a) of the Education of the Deaf Act of 1986 by specifically referring to the Rochester Institute of Technology.

Section 909. Oversight and effect of agreements

Amends section 208(a) of the Education of the Deaf Act of 1986 by specifically referring to the Rochester Institute of Technology. Further amends section 208(a) by correcting the reference to the authorizing committees.

Section 910. Authorization of appropriations

Amends section 205(c) of the Education of the Deaf Act of 1986 to extend the authorization through 2011.

Amends section 207(h) of the Education of the Deaf Act of 1986 to extend the authorizations through 2011.

Amends section 212 of the Education of the Deaf Act of 1986 to extend the authorizations through 2011.

Inserts a new section (1) that establishes the short title of this act as the "Gallaudet University and National Technical Institute for the Deaf Act."

PART B—ADDITIONAL EDUCATION LAWS

Section 921. Cancellation of student loan indebtedness for survivors of Victims of the September 11, 2001, attacks

Defines the terms "Eligible Public Servant," "Eligible Victim," "Eligible Parent," "Secretary," and "Federal Student Loan."

Requires the Secretary to provide for the discharge or cancellation of the Federal student loan indebtedness of the spouse of an

eligible public servant, the portion of a Federal consolidation loan incurred on behalf of the eligible victim that was used jointly by the eligible victim and his or her spouse, the portion of the consolidation loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim, and the PLUS loan indebtedness of an eligible parent that was incurred on behalf of an eligible victim.

Outlines the methods to be used to cancel or discharge eligible loans.

Requires the Secretary to establish procedures for the filing of applications and to publicize the availability of loan discharge or cancellation.

States that funds available for the purposes of making payments to lenders in accordance with section 437(a) shall be available for making payments to lenders as required by this section.

States that the provisions of this section shall be applied to loans on which amounts were owed on September 11, 2001.

Section 922. Amendment to Higher Education Amendments of 1998

Repeals several expired studies and programs from the Higher Education Amendments of 1998.

Amends section 804(b) of the Higher Education Amendments of 1998 to provide a deadline of September 30, 2007 for the Secretary to report the conclusions on the study on transfer of credits. Further amends section 804(b) to include the policies of institutions of higher education in the report.

Amends section 806(a) of the Higher Education Amendments of 1998 to include all institutions of higher education in the report.

Amends section 806(c) of the Higher Education Amendments of 1998 by setting the deadline as September 30, 2007 for the submission of the report.

Amends section 826(g) of the Higher Education Amendments of 1998 by extending the authorization through 2011.

Amends section 826 of the Higher Education Amendments of 1998 by correcting the paragraph designations.

Amends section 841(c) of the Higher Education Amendments of 1998 to establish the authorization level as $3 million in 2006 and such sums through 2011.

Amends section 422(d) of the Higher Education Amendments of 1998 to establish an effective date for the amendments of July 1, 2006.

Section 923. Tribally Controlled College or University Assistance Act of 1978

Amends section 110(a) of the Tribally Controlled Community College or University

Assistance Act of 1978 to extend the authorization through 2011.

Amends section 306(a) of the Tribally Controlled Community College or University

Assistance Act of 1978 to extend the authorization through 2011.

Amends section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990 to extend the authorization through 2011.

Amends section 2(a) of the Tribally Controlled Community College or University Assistance Act of 1978 to clarify the definition of "national Indian organization."

Amends section 2(b) of the Tribally Controlled Community College or University Assistance Act of 1978 by striking paragraph (5) and inserting a new paragraph (5) to clarify how eligible credits earned in a continuing education program should be counted in determining the Indian student count.

Amends section 103 of the Tribally Controlled Community College or University Assistance Act of 1978 by inserting a new paragraph (4) to require a tribally controlled college or university to be accredited by a nationally recognized accrediting agency recognized by the Secretary in order to be eligible for funds.

Section 924. Navajo Community College Act

Amends section 5(a) of the Navajo Community College Act to extend the authorization through 2011.

Section 925. Education Amendments of 1992

Amends section 1543(d) of the Education Amendments of 1992 to extend the authorization through 2011.

Section 926. Study of student learning outcomes and public accountability

Requires the Secretary to provide for the conduct of a study of the best practices of States in assessing undergraduate postsecondary student learning, particularly as such practices relate to public accountability systems. Requires the study to be conducted by a national, non-partisan, or bi-partisan association or organization with knowledge in State practices and access to necessary State officials. The association or organization must also represent States or State officials. Outlines the topics to be covered by the study. Requires the agency or association conducting the study to establish and consult with a national committee that will meet at least twice a year to review the research, identify best practice models, and review recommendations. Outlines the membership of the national committee. Requires the association to consult regularly with the authorizing committees in the House and Senate and submit a report on the study to those committees no later than two years after the date of enactment of this Act.

Section 927. Study of minority graduation rates

Requires the Secretary to commission a national study on the decreasing number of underrepresented minority males, particularly African American males, entering and graduating from colleges and universities and make recommendations to Congress on new approaches to increase minority male graduation rates and the number of minority males going into careers where the population is underrepresented. Requires the report to be submitted within one year of the enactment of this Act.

Section 928. Study of education related indebtedness of medical school graduates

Requires the Secretary to conduct a study to evaluate the higher education-related indebtedness of medical school graduates in the United States at the time of graduation. Also requires the Secretary to submit a report on the study to the respective authorizing

committees of Congress within one year of the date of enactment of the Act and make the report widely available to the public.

Section 929. Study of adult learners

Requires the Secretary to conduct a study of the developing trends in older adult learners attending college and how institutions of higher education are addressing the needs of this specific population in terms of outreach, accessibility, financing, and student support services, including online education. Requires the Secretary to submit a report on the study to the Committee on Education and the Workforce that includes recommendations on measures the Federal government can take to address the needs in regards to education and job training for the aging population and the changing demographics of our country.

Section 930. Increase in college textbook prices

States findings of the Committee on Education and the Workforce related to the rising costs of textbooks. States the sense of the Committee that in order to make a higher education more accessible for all students, the following should occur to make college textbooks more affordable to students: textbook publishers should provide students with the option of buying materials "a la carte" or "unbundled"; textbook publishers should work with faculty to understand the cost to students of purchasing the recommended textbook; college bookstores should work with faculty to review timelines and processes for ordering and stocking selected textbooks, and disclose textbook costs to faculty and students; and, colleges and universities should be encouraged to implement numerous options to address textbook affordability.

EXPLANATION OF AMENDMENTS

The provisions of the substitute are explained in this report.

APPLICAITON OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. The bill amends the Higher Education Act of 1965 by providing increase access for students to a higher education. The bill reauthorizes the teacher training programs, student aid programs, programs that assist minority serving institutions, graduate study programs, international and foreign language programs, and various provisions that support and enhance student access and institutional accountability. The bill includes comprehensive reforms that prioritize student access and strengthen accountability to empower students and parents, the consumers of higher education. The bill does not prevent legislative branch employees from receiving services provided under this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. The bill

reauthorizes spending programs under the Higher Education Act. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 **BILL H.R. 609** **DATE July 20, 2005**
AMENDMENT NUMBER 9 **DEFEATED 20 – 26**
SPONSOR/AMENDMENT Mr. Miller / amendment regarding accountability and evaluation (TEACH Act)

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER				X
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY				X
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 609 DATE July 20, 2005
AMENDMENT NUMBER 10 DEFEATED 16 – 13 with 1 Present
SPONSOR/AMENDMENT Mr. Owens / amendment regarding predominately black institutions

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT	X			
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE			X	
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT		X		
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND		X		
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW		X		
TOTALS	16	31	1	1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 BILL H.R. 609 DATE July 20, 2005

AMENDMENT NUMBER 11 DEFEATED 9 – 38 – 1 Present

SPONSOR/AMENDMENT Mr. Owens / amendment regarding Historically Black Colleges and Universities Minimum Grants

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER		X		
Mr. KILDEE			X	
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT		X		
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	9	38	1	1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 BILL H.R. 609 DATE July 20, 2005
AMENDMENT NUMBER 12 ADOPTED 46 – 2
SPONSOR/AMENDMENT Mr. Grijalva / amendment regarding Hispanic-Serving Institutions Graduate Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON		X		
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON		X		
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	46	2		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 5 BILL H.R. 640 DATE July 20, 2005

AMENDMENT NUMBER 14 DEFEATED 22- 26

SPONSOR/AMENDMENT Mr. Holt / amendment to create new programs to improve foreign language skills

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE	X			
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS		X		
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 6 BILL H.R. 609 DATE July 20, 2005
AMENDMENT NUMBER 15 DEFEATED 10 – 37 – 1 Present
SPONSOR/AMENDMENT Mr. Norwood / amendment regarding anti-American activities

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman		X		
Mr. McKEON	X			
Mr. CASTLE		X		
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER			X	
Mr. OSBORNE		X		
Mr. WILSON	X			
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE	X			
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX	X			
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	10	37	1	1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 BILL H.R. 609 DATE July 20, 2005

AMENDMENT NUMBER 16 DEFEATED 21 - 27

SPONSOR/AMENDMENT Mr. Ryan / amendment to create a new program to provide loans to institutions of higher education or campus or local bookstores to provide students the option of renting course materials

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 8 BILL H.R. 609 DATE July 20, 2005

AMENDMENT NUMBER 17 DEFEATED 22 – 26

SPONSOR/AMENDMENT Ms. Woolsey / amendment to establish a fellowship program for woman and minorities (Mink Fellowship program)

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT	X			
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 9 BILL H.R. 609 DATE July 20, 2005

AMENDMENT NUMBER 19 DEFEATED 22- 26

SPONSOR/AMENDMENT Mr. Wu / amendment to create a new program to provide grants to institutions for the development of programs and projects that encourage environmental and other types of sustainability

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	22	26		

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 10 BILL H.R. 609 DATE July 20, 2005
AMENDMENT NUMBER 20 DEFEATED 21 - 26
SPONSOR/AMENDMENT Mr. Bishop / amendment to reinstate the Cooperative Extension Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	26		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 11 BILL H.R. 609 DATE July 20, 2005
AMENDMENT NUMBER 21 DEFEATED 20 - 26
SPONSOR/AMENDMENT Ms. Woolsey /amendment regarding intercollegiate athletics policy

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND				X
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 12 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 25 DEFEATED 17 - 26
SPONSOR/AMENDMENT Mr. Miller / amendment as a substitute for Title IV

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS				X
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE				X
Mr. ANDREWS		X		
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS				X
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	17	26		6

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 13 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 26A DEFEATED 20 – 26
SPONSOR/AMENDMENT Mr. Miller /second degree amendment to amendment number 26 offered by Mr. Petri regarding choice on consolidation loan interest rates

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 14 BILL H.R. 609 DATE July 21, 2005

AMENDMENT NUMBER 26 ADOPTED 26 – 20

SPONSOR/AMENDMENT Mr. Petri / amendment to provide borrowers a choice between a fixed interest rate and a variable interest rate on consolidation loans

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD				X
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT				X
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	26	20		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 15 BILL H.R. 609 DATE July 21, 2005

AMENDMENT NUMBER 27A DEFEATED 20 - 26

SPONSOR/AMENDMENT Mr. Miller – second degree amendment to amendment number 27 offered by Mr. Petri regarding reduced lender and guarantor insurance and reinsurance

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 16 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 28 DEFEATED 20 – 26
SPONSOR/AMENDMENT Mr. Petri / amendment to provide schools incentives to switch from the FFEL program to the Direct Loan Program (STAR Act)

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman	X			
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS		X		
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 17 BILL H.R. 609 DATE July 21, 2005

AMENDMENT NUMBER 29 DEFEATED 21 - 25

SPONSOR/AMENDMENT Mr. Petri / amendment to reduce the collection retention retained by a guarantor during the default collection process from 23 percent to 16 percent

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman	X			
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	25		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 18 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 32 DEFEATED 20 - 26
SPONSOR/AMENDMENT Mr. Van Hollen / amendment regarding default fees

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 19 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 34 DEFEATED 21 - 25
SPONSOR/AMENDMENT Mrs. Davis / amendment regarding direct loan fees

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman	X			
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	25		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 20 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 35 DEFEATED 17 – 28 with 1 Present
SPONSOR/AMENDMENT Mr. Wu / amendment regarding consolidation loans

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS		X		
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY			X	
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM		X		
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	17	28	1	3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 21 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 37 ADOPTED 28 - 18
SPONSOR/AMENDMENT Mrs. Musgrave / amendment regarding treatment of small businesses

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD				X
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS		X		
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT				X
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND	X			
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW	X			
TOTALS	28	18		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 22 BILL H.R. 609 DATE July 21, 2005
AMENDMENT NUMBER 38 DEFEATED 20 - 26
SPONSOR/AMENDMENT Mr. Holt/ amendment regarding calculation of lost Pell Grant amounts

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD				X
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT				X
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	26		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 23 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 40 DEFEATED 12 – 32
SPONSOR/AMENDMENT Mr. Davis / amendment to provide Federal Pell Grants to prisoners if they fulfill certain conditions

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE				X
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND		X		
Mr. KUCINICH	X			
Mr. WU		X		
Mr. HOLT	X			
Mrs. DAVIS		X		
Ms. McCOLLUM				X
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN		X		
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW		X		
TOTALS	12	32		5

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 24 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 42 DEFEATED 18 – 27
SPONSOR/AMENDMENT Mr. Tierney / amendment to strike the President's Pell Plus Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE				X
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	18	27		4

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 25 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 45 ADOPTED 27 – 19
SPONSOR/AMENDMENT Mrs. Foxx / amendment to increase accountability in the TRIO programs

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER				X
Mr. KILDEE		X		
Mr. OWENS				X
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	27	19		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 26 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 50 DEFEATED 19 - 27
SPONSOR/AMENDMENT Mr. Tierney/ amendment regarding tuition

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS				X
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	27		3

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 27 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 52 DEFEATED 20 – 27
SPONSOR/AMENDMENT Mr. Andrews / amendment to further hold harmless funds to institutions under the campus-based aid formula

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	20	27		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 28 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 55 DEFEATED 21 - 27
SPONSOR/AMENDMENT Mr. Ehlers / amendment regarding Distance Education Demonstration Program and the 50 percent rule

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE	X			
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD	X			
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM		X		
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 29 BILL H.R. 609 DATE July 22, 2005

AMENDMENT NUMBER 56 DEFEATED 18 - 29

SPONSOR/AMENDMENT Mr. Davis / amendment regarding drug convictions and eligibility for student aid

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER				X
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU		X		
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW		X		
TOTALS	18	29		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 30 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 58 DEFEATED 21 – 27
SPONSOR/AMENDMENT Mr. Holt / amending the Child Care Access Means Parents in School Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 31 BILL H.R. 609 DATE July 22, 2005

AMENDMENT NUMBER 60 DEFEATED 21 – 27

SPONSOR/AMENDMENT Mr. Tierney / amendment to strike section 103, Student Speech and Association Rights

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 32 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 61 DEFEATED 22 – 26
SPONSOR/AMENDMENT Mr. Bishop / amendment regarding transfer of credit

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS	X			
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE	X			
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS		X		
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY	X			
Mr. KIND		X		
Mr. KUCINICH	X			
Mr. WU		X		
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 33 BILL H.R. 609 DATE July 22, 2005

AMENDMENT NUMBER 63 DEFEATED 19 – 28 with 1 Present

SPONSOR/AMENDMENT Mr. Andrews / en bloc amendment to increase mandatory costs by providing loan deferments to individuals who are in postgraduate medical and dental residency and fellowship programs, agree to become public interest lawyers, and are serving in a public service fellowship

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER		X		
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY			X	
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	19	28	1	1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 34 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 66 DEFEATED 21 - 27
SPONSOR/AMENDMENT Mr. Andrews / amendment to require institutions of higher education to gather students' emergency contact information in the event of a missing person

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 35 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 67 DEFEATED 21 – 27
SPONSOR/AMENDMENT Mr. Andrews / amendment regarding meningococcal vaccination requirements

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS		X		
Mrs. BIGGERT		X		
Mr. PLATTS	X			
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH		X		
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	21	27		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 36 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 68 DEFEATED 22 - 26
SPONSOR/AMENDMENT Mr. Andrews / amendment regarding technology asset disposal

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	22	26		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 37 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 69 ADOPTED 35 - 13
SPONSOR/AMENDMENT Mr. Andrews / amendment regarding campus fire safety right-to-know

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman		X		
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	35	13		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 38 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 72 DEFEATED 24 – 24
SPONSOR/AMENDMENT Mr. Bishop / amendment regarding precompetitive innovation investment

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE	X			
Mr. FORTUNO		X		
Mr. JINDAL		X		
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	24	24		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 39 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 48 ADOPTED 24 – 23 with 1 Present (subject to motion to reconsider)
SPONSOR/AMENDMENT Mr. Tierney / amendment regarding campus based aid program funding formula

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE	X			
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL	X			
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL			X	
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	24	23	1	1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 40 BILL H.R. 609 DATE July 22, 2005
AMENDMENT NUMBER 48 DEFEATED 24 – 24 (after adoption of motion to reconsider)
SPONSOR/AMENDMENT Mr. Tierney / amendment regarding campus based aid program funding formula

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. SOUDER		X		
Mr. NORWOOD		X		
Mr. EHLERS	X			
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE	X			
Mr. WILSON		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mrs. MUSGRAVE		X		
Mr. INGLIS		X		
Ms. McMORRIS		X		
Mr. MARCHANT		X		
Mr. PRICE		X		
Mr. FORTUNO		X		
Mr. JINDAL	X			
Mr. BOUSTANY		X		
Mrs. FOXX		X		
Mrs. DRAKE		X		
Mr. KUHL		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA				X
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH	X			
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. GRIJALVA	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
Mr. BARROW	X			
TOTALS	24	24		1

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 41 BILL H.R. 609 DATE July 22, 2005

H.R. 609 was ordered favorably reported, as amended, by a vote of 27 to 20 with 1 Present

SPONSOR/AMENDMENT Mr. Petri / motion to report the bill to the House with an amendment and with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON	X			
Mr. SOUDER	X			
Mr. NORWOOD	X			
Mr. EHLERS	X			
Mrs. BIGGERT	X			
Mr. PLATTS	X			
Mr. TIBERI	X			
Mr. KELLER	X			
Mr. OSBORNE	X			
Mr. WILSON	X			
Mr. PORTER	X			
Mr. KLINE	X			
Mrs. MUSGRAVE	X			
Mr. INGLIS	X			
Ms. McMORRIS	X			
Mr. MARCHANT	X			
Mr. PRICE	X			
Mr. FORTUNO	X			
Mr. JINDAL	X			
Mr. BOUSTANY	X			
Mrs. FOXX	X			
Mrs. DRAKE	X			
Mr. KUHL	X			
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. OWENS			X	
Mr. PAYNE		X		
Mr. ANDREWS		X		
Mr. SCOTT		X		
Ms. WOOLSEY		X		
Mr. HINOJOSA				X
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Mr. KUCINICH		X		
Mr. WU		X		
Mr. HOLT		X		
Mrs. DAVIS		X		
Ms. McCOLLUM		X		
Mr. DAVIS		X		
Mr. GRIJALVA		X		
Mr. VAN HOLLEN		X		
Mr. RYAN		X		
Mr. BISHOP		X		
Mr. BARROW		X		
TOTALS	27	20	1	1

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 609 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 16, 2005.

Hon. JOHN A. BOEHNER,
Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the direct spending effects of H.R. 609, the College Access and Opportunities Act of 2005. CBO has not completed its review of the provisions of the bill that would affect spending subject to appropriation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 609—College Access and Opportunities Act of 2005

Summary: H.R. 609 would make numerous changes to federal higher education programs, including the student and parent loan programs. CBO projects that, under the current-law baseline, the loan programs would guarantee or disburse loans totaling about $360 billion over the 2006–2010 period—costing about $37 billion in total spending (mostly measured as subsidy costs). CBO estimates that enacting H.R. 609 would reduce these costs by $6.3 billion in 2006, $8.7 billion over the 2006–2010 period, and $4.5 billion over the 2006–2015 period. H.R. 609 also would affect spending subject to appropriation, but CBO has not completed an analysis of the bill's potential impact on discretionary spending.

Provisions of H.R. 609 with significant budget effects include:

- Change the formulas used to calculate borrower interest rates and lender yields;
- Eliminate the separate formula for lender yields for loans supported with certain tax-exempt funding;
- Change the insurance provided to lenders;
- Change the funding for mandatory administrative costs;

- Reduce borrower origination fees and mandate collection of a 1.0 percent insurance premium;
- Increase loan limits for first-year, second-year, and graduate students; and
- Delay the recall of the federal share of the Perkins Loan Revolving Fund.

Pursuant to section 407 of H. Con. Res. 95 (the Concurrent Resolution on the Budget, Fiscal Year 2006), CBO estimates that enacting H.R. 609 would cause an increase in direct spending greater than $5 billion in the 10-year period between 2016 and 2025. CBO also expects that the direct spending costs of the bill would exceed the $5 billion threshold in at least one of the 10-year periods from 2026 through 2055.

H.R. 609 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would results from complying with conditions of federal assistance.

Estimated cost to the Federal Government: The estimated impact of H.R. 609 on direct spending is shown in the following table. The costs of this legislation would fall within budget function 500 (education, training, and social services).

Basis of estimate: This estimate of the direct spending effects of H.R. 609 assumes that the bill will be enacted in the fall of 2005. The CBO has not completed its review of the provisions of the bill that would affect spending subject to appropriation.

Major provisions reducing spending

The provisions of H.R. 609 that would generate the largest savings include changes to the borrower interest rate and lender-yield formulas, reductions in the federal insurances rates for lenders, and modifications in the budget authority provided for mandatory administrative expenses. Together these provisions would reduce outlays by $6.3 billion in 2006, $12.4 billion over the 2006–2010 period, and $20.1 billion over the 2006–2015 period. Because the changes would be made in federal loan programs, the impacts generally are the estimated changes in the subsidy costs that are assessed on a net present value basis, as specified in the Federal Credit Reform Act.

	By fiscal year, in millions of dollars—									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CHANGES IN DIRECT SPENDING										
Major Provisions Reducing Spending:										
Changes in Borrower Interest Rates and Lender Yields:										
Estimated Budget Authority	−5,495	−1,290	−1,190	−1,135	−1,145	−1,165	−1,195	−1,220	−1,245	−1,275
Estimated Outlays	−5,040	−1,080	−1,075	−1,005	−1,005	−1,015	−1,035	−1,065	−1,085	−1,110

	By fiscal year, in millions of dollars—									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Changes to Certain Loans Financed with Tax-Exempt Bonds:										
Estimated Budget Authority	−980	−265	−265	−270	−270	−275	−280	−290	−290	−290
Estimated Outlays	−850	−235	−235	−235	−240	−245	−245	−250	−255	−265
Changes in Lender Insurance:										
Estimated Budget Authority	−425	−145	−150	−160	−165	−170	−180	−185	−195	−200
Estimated Outlays	−385	−115	−130	−140	−145	−150	−155	−160	−170	−175
Changes in Mandatory Administrative Costs:										
Estimated Budget Authority	−13	−128	−66	−187	−214	−241	0	0	0	0
Estimated Outlays	17	−111	−50	−172	−198	−225	−81	−21	−8	0
Subtotal:										
Estimated Budget Authority	−6,913	−1,828	−1,671	−1,752	−1,794	−1,851	−1,655	−1,695	−1,730	−1,765
Estimated Outlays	−6,258	−1,541	−1,490	−1,552	−1,558	−1,635	−1,516	−1,496	−1,518	−1,550
Major Provisions Increasing Spending:										
Changes in Borrower Origination Fees and Insurance Premiums:										
Estimated Budget Authority	10	265	685	1,045	1,420	1,590	1,610	1,625	1,635	1,660
Estimated Outlays	−90	70	450	750	1,070	1,275	1,335	1,345	1,350	1,360
Increased Loan Limits:										
Estimated Budget Authority	0	315	540	555	580	600	620	640	660	685
Estimated Outlays	0	185	410	485	505	525	540	560	580	595
Changes in the Perkins Loan Program:										
Estimated Budget Authority	40	40	40	40	40	40	401	715	736	840
Estimated Outlays	0	40	40	40	40	40	401	715	736	840
Subtotal:										
Estimated Budget Authority	50	620	1,265	1,640	2,040	2,230	2,631	2,980	3,031	3,185
Estimated Outlays	−90	295	900	1,275	1,615	1,840	2,276	2,620	2,666	2,795

	By fiscal year, in millions of dollars—									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Provisions With Measurable Effects:										
Estimated Budget Authority	245	76	33	38	53	66	66	71	66	76
Estimated Outlays	192	81	58	33	53	66	71	71	71	76
Interaction Effects:										
Estimated Budget Authority	−132	−163	−182	−161	−154	−145	−137	−146	−137	−146
Estimated Outlays	−104	−100	−163	−141	−130	−121	−131	−135	−129	−126
Total Changes in Direct Spending:										
Estimated Budget Authority	−6,750	−1,295	−555	−235	145	300	905	1,210	1,230	1,350
Estimated Outlays	−6,260	−1,265	−695	−385	−50	150	700	1,060	1,090	1,195

Borrower Interest Rate and Lender-Yield Formulas. Relative to the current-law baseline, H.R. 609 would change many of the formulas used to compute what borrowers owe to lenders and what lenders can charge. The following table outlines the current-law formulas and the proposed changes. Borrower rates on new Stafford and parent loans are scheduled to switch from a variable-rate formula to a fixed rate (6.8 percent for students and 7.9 percent for parents) in July 2006; H.R. 609 would eliminate that change and continue the current variable-rate formulas. The rates on consolidated loans would change from being a fixed rate based on the weighted average of the loans being consolidated, rounded up to the nearest one-eighth percent, to the borrower's choice of a variable rate (91-day Treasury bill rate plus 2.3 percentage points for students and plus 3.1 percentage points for parents) or a fixed rate (set at the 91-day Treasury bill rate plus 3.3 percentage points for students and plus 4.1 percentage points for parents). The rates for students and for parents would be capped at 8.25 percent and 9.0 percent, respectively.

The lender-yield formulas for student and parent loans would continue to be based on a variable-rate formula, but H.R. 609 would no longer allow the borrowers' rates to serve as the minimum for the lender yield. Lenders under current law receive the higher of the lender-yield formula or the rate paid by borrowers, but the bill would require lenders to rebate the difference between the two rates to the government when the borrower rate is higher.

The combination of these changes to borrowers and lenders would save $5.0 billion in 2006, $9.2 billion over the 2006–2010 period, and $14.5 billion through 2015.

Another change in the payment formulas for lenders affects loans that are funded with financing based on tax-exempt bonds issued between 1980 and 1993. Historically, these loans have had a different formula for determining payments to lenders. Specifically, the formula for the special allowance payments to the holders of

these loans was 50 percent of the sum of the 91-day Treasury bill rate plus 3.5 percentage points or 9.5 percent, whichever was higher. In recent years, the 9.5 percent rate was higher. (Consequently, these have come to be referred to as 9.5 percent loans.) Legislation in 2004 modified this policy for most new loans from tax-exempt lenders during the October 2004 to December 2005 period, changing the lender formula to conform to the rates to other leaders. Under current law, the formula on new loans will revert back to the pre-October 2004 structure. H.R. 609 would continue the practice in place on December 2005, but expand its scope to include all new loans supported with this type of financing. This policy would save an estimated $850 million in 2006, $1.8 billion over the 2006–2010 period, $3.1 billion over the 2006–2015 period.

Type of Loan	Loans originating after December 1999 and before July 2006	Loans originating after June 2006 (current law)	Loans originating after June 2006 (under H.R. 609)
	BORROWER INTEREST RATES		
Student loans:			
In-school, grace, or deferment.	Variable rate set annually at 91-day Treasury bill plus 1.7 percentage points (8.25 percent cap).	Fixed rate at 6.8 percent	Variable rate set annually at 91-day Treasury bill plus 1.7 percentage points (8.25 percent cap).
In repayment	Variable rate set annually at 91-day Treasury bill plus 2.3 percentage points (8.25 percent cap).	Fixed rate at 6.8 percent	Variable rate set annually at 91-day Treasury bill plus 2.3 percentage points (8.25 percent cap).
Parent loans	Variable rate set annually at the Treasury bill rate plus 3.1 percent (9.0 percent cap).	Fixed rate at 7.9 percent	Variable rate set annually at 91-day Treasury bill rate plus 3.1 percent (9.0 percent cap).
Consolidation loans:			
Students	Fixed rate set at the weighted average of loans consolidated rounded up to nearest ⅛ percent.	Fixed rate set at the weighted average of loans consolidated rounded up to nearest ⅛ percent.	Choice of variable rate set annually at 91-day Treasury bill rate plus 2.3 percent (8.25 percent cap) or fixed rate set at 91-day Treasury bill rate plus 3.3 percentage points.
Parents	Fixed rate set at the weighted average of loans consolidated rounded up to nearest ⅛ percent.	Fixed rate set at the weighted average of loans consolidated rounded up to nearest ⅛ percent.	Choice of variable rate set annually at 91-day Treasury bill rate plus 3.1 percent (9.0 percent cap) or fixed rate set at 91-day Treasury bill rate plus 4.1 percentage points.
	LENDER YIELDS		
Student loans:			
In-school, grace, and deferment.	Greater of 3-month commercial paper rate plus 1.74 percentage points or the borrower rate.	Greater of 3-month commercial paper rate plus 1.74 percentage points or the borrower rate.	3-month commercial paper rate plus 1.74 percentage points.
In-repayment	Greater of 3-month commercial paper rate plus 2.34 percentage points or the borrower rate.	Greater of 3-month commercial paper rate plus 2.34 percentage points or the borrower rate.	3-month commercial paper rate plus 2.34 percentage points.
Parent Loans	Greater of 3-month commercial paper rate plus 2.64 percentage points only when the borrower rate is capped at 9.0 percent or the borrower rate.	Greater of 3-month commercial paper rate plus 2.64 percentage points only when that formula exceeds 9.0 percent or the borrower rate.	3-month commercial paper rate plus 2.64 percentage points.

Type of Loan	Loans originating after December 1999 and before July 2006	Loans originating after June 2006 (current law)	Loans originating after June 2006 (under H.R. 609)
Consolidation loans:			
Student loans	Regular formula less 1.05 percentage points.	Regular formula less 1.05 percentage points.	Regular formula less 1.05 percentage points.
Parent loans	Regular formula less 1.05 percentage points.	Regular formula less 1.05 percentage points.	Regular formula less 1.05 percentage points.

Federal Lender Insurance. H.R. 609 would reduce the portion of defaulted loans for which lenders are reimbursed. under current law, lenders are generally reimbursed for 98 percent of the outstanding balances on loans which go into default. lenders who meet certain requirements are classified as exceptional lenders and they receive 100 percent insurance. H.R. 609 would reduce the 98 percent to 96 percent, and would tighten eligibility for the exceptional lender designation. For those lenders losing exceptional lender status the insurance rate would drop from 100 percent to 96 percent. CBO estimates that these changes would reduce outlays by $385 million in 2006, $915 million over the 2006–2010 period, and $1.7 billion through 2015.

Changes to the federal reinsurance rate only affect intrabudgetary transactions, and have no effect on total federal spending or revenues.

Funding for Mandatory Administrative Costs. Under the Higher Education Act of 1965, section 458 specifies a direct appropriation for administrative costs associated with operating the financial assistance programs for post-secondary education students. After 2002, the statue does not contain a limit on the amount provided for those activities; thus, CBO treats this account as an uncapped direct spending program. CBO's baseline assumes that the portion of the account that funds administrative activities would be equal to the actual amount used in 2004, adjusted for anticipated inflation. The other major components is an account maintenance fee payable to guaranty agencies equal to 0.10 percent of original principal on outstanding guaranteed student loans.

H.R. 609 would establish new annual caps on total section 458 funds, and restrict the amount that could be used for the agency account maintenance fees below what the formula would provide. CBO assumes that the entire amount of the fees will be paid, but a portion would be paid out of the federal student loans reserve fund (the on-budget guaranty agency account referred to in the previous section) instead of out of section 458. As a result, the amounts that certain agencies would retain in the reserve fund would fall below that fund's minimum requirements and some of these agencies would have to collect the 1.0 percent insurance premium allowed guaranty agencies—premiums that many of those agencies currently waive. The net effect of these changes in section 458 funding would increase outlays by $17 million in 2006, but reduce them by $514 million over the 2006–2010 period and by $849 million over the 2006–1015 period.

Major provisions increasing spending

The provisions in the bill that would result in the largest increases in spending are the changes to origination fees and insurance premiums paid by borrowers, increases in loan limits, and modifications to the Perkins Loan Revolving fund. The estimated

costs resulting from these portions of H.R. 609 total $4.0 billion over the 2006–2010 period and $16.2 billion over the 2006–2015 period.

Borrower Origination Fees and Premiums. H.R. 609 would gradually reduce borrower origination fees for both subsidized and unsubsidized student loans, while at the same time requiring guaranty agencies to charge all guaranteed students and parent loans borrowers the 1.0 percent premium currently authorized. Currently, origination fees for guaranteed loans are 3.0 percent and the insurance premium is up to 1.0 percent. In the direct loan programs, the origination fee is 3.0 percent (although the actual practice is to charge 1.5 percent up front and another 1.5 percent if the borrower fails to make payments) and there is no insurance fee. The changes in the bill would equalize the total fees charged to students borrowing through guaranteed loans with those borrowing through the direct loan program.

Total fees on student borrowers would drop to 2.5 percent in July 2007, to 2.0 percent in July 2008, to 1.5 percent in July 2009, and to 1.0 percent in July 2010. These changes would reduce outlays by $90 million in 2006 because the increase insurance premiums are recorded more quickly than the reduced origination fees (fees are tied to loan disbursements that often fall into a subsequent year). CBO estimates that the net impact of the changes would be to increase outlays by $2.25 billion over the 2006–2010 period and by $8.9 billion over the 2006–2015 period.

Borrower Loan Limits. H.R. 609 would increase the maximum amount of subsidized loans for first- and second-year students from $2,625 and $3,500, respectively, to $3,500 and $4,500 beginning in 2007. In addition, the bill would increase the limit for unsubsidized loans for each year of graduate school from $10,000 to 12,000. To conform the aggregate borrowing limits to the latter changes, the limit on unsubsidized loans would be increased by $10,000. These increases would boost aggregate student loans borrowing and increase spending by $1.6 billion over the 2007–2010 period and by $4.4 billion over the 2007–2015 period.

Perkins Loan Revolving Fund. H.R. 609 would divert certain default collections in the Perkins loan program to schools and delay the beginning of the recall to the Treasury of balances held by participating schools from 2012 to 2020.

Under current loan, any collections by the Secretary of Education on defaulted Perkins loans—a program administered by colleges and universities—are returned to the Treasury. These collections amount to roughly $40 million per year. The bill would require the Secretary to reallocate these funds—in the following year—to other schools participating in the loan programs, thus increasing net federal spending by $40 million annually beginning in 2007.

Beginning in 2012, schools are required to return the federal share of their Perkins loan repayments to the Treasury. H.R. 609 would delay that date until 2020. Based on data from the Department of Education, CBO estimates that the recall of the federal share would total about $2.5 billion over the 2012–2015 period. Consequently, the delay that would result from enacting H.R. 609 would reduce recoveries by a like amount.

Other provisions with measurable effects

H.R. 609 contains numerous provisions that would have much smaller budgetary effects than those described above. Among them are changes in loan cancellation programs, borrower repayment terms, and interest deferment eligibility. Other provisions with some estimated budget effects during the 2006–2010 period include changes in the income protection allowance for dependent students, the restrictions on eligibility for certain student with drug-related convictions, the eligibility of schools to participate on the basis of distance learning programs, and the multiple disbursement requirement for certain loans for schools with low default rates. The total effects of these provisions are costs of $192 million in 2006, $417 million over the 2006–2010 period, and $772 million for the 2006–2015 period.

Interactions

The overall spending reductions that H.R. 609 would yield are significantly larger than the sum of the individual provisions because many provisions interact. For example, the lender-yield and borrower interest rate changes save even more when the increased loan volume flowing from the changes in loans limits are considered. However, those same loan limit increases boost the costs of the provisions that reduce borrower fees. As another example, the application of the proposed lender yields and borrower interest rates to the 9.5 percent loans increase the saving when compared to that provision alone. In total, the interactions among the various provisions generate an additional $104 million in savings in 2006, $638 million over the 2006–2010 period, and $1.3 billion over the 2006–2015 period.

Estimated long-term effects on direct spending: Pursuant to section 407 of H. Con. Res. 95 (the Concurrent Resolution on the Budget, Fiscal Year 2006), CBO estimates that enacting H.R. 609 would cause an increase in direct spending greater than $5 billion in the 10-year period between 2016 and 2025. CBO also expects that the direct spending costs of the bill would exceed the $5 billion threshold in at least one of the 10-year periods from 2026 through 2055.

Intergovernment and private sector impact: H.R. 609 contains no intergovernmental or private-sector mandates as directed by UMRA. The bill would authorize funding for student aid and higher education programs, much of which would go to public institutions of higher education.

The bill also would impose several new reporting requirements on institutions of higher education that receive federal aid under Title IV of the Higher Education Act. These institutions would be required to submit data that would be used by the Department of Education to calculate an institution's affordability index. Institutions with indexes that exceed a certain threshold also would be required to submit management and action plans that outline steps the institution will take to reduce affordability index. CBO assumes that these requirements are effectively placed on institutions participating in grant programs; therefore costs related to these provisions would be incurred voluntarily, as a condition of federal assistance.

Estimated prepared by: Federal spending: Deborah Kalcevic, Chad Chirico, and Justin Humphrey; Impact on state, local, and tribal governments: Lisa Ramirez-Branum; Impact on the private sector: Nabeel Alsalam.

Estmate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House Rule XIII, the goal of the bill is to reauthorize and improve programs authorized under the Higher Education Act. The Committee expects the Department of Education to comply with these provisions and implement the changes to the law in accordance with these stated goals.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by the bill. The Committee believes that the amendments, made by this bill to the Social Security Act, are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 609. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

TITLE I—GENERAL PROVISIONS

PART A—DEFINITIONS

[SEC. 101. GENERAL DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

[(a) INSTITUTION OF HIGHER EDUCATION.—For purposes of this Act, other than title IV, the term "institution of higher education" means an educational institution in any State that—

[(1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

[(2) is legally authorized within such State to provide a program of education beyond secondary education;

[(3) provides an educational program for which the institution awards a bachelor's degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree;

[(4) is a public or other nonprofit institution; and

[(5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

[(b) ADDITIONAL INSTITUTIONS INCLUDED.—For purposes of this Act, other than title IV, the term "institution of higher education" also includes—

[(1) any school that provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of paragraphs (1), (2), (4), and (5) of subsection (a); and

[(2) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subsection (a)(1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

[(c) LIST OF ACCREDITING AGENCIES.—For purposes of this section and section 102, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part H of title IV, to be reliable authority as to the quality of the education or training offered.

[SEC. 102. DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.

[(a) DEFINITION OF INSTITUTION OF HIGHER EDUCATION FOR PURPOSES OF TITLE IV PROGRAMS.—

[(1) INCLUSION OF ADDITIONAL INSTITUTIONS.—Subject to paragraphs (2) through (4) of this subsection, the term "institution of higher education" for purposes of title IV includes, in

addition to the institutions covered by the definition in section 101—

[(A) a proprietary institution of higher education (as defined in subsection (b) of this section);

[(B) a postsecondary vocational institution (as defined in subsection (c) of this section); and

[(C) only for the purposes of part B of title IV, an institution outside the United States that is comparable to an institution of higher education as defined in section 101 and that has been approved by the Secretary for the purpose of part B of title IV.

[(2) INSTITUTIONS OUTSIDE THE UNITED STATES.—

[(A) IN GENERAL.—For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 101 (except that a graduate medical school, or a veterinary school, located outside the United States shall not be required to meet the requirements of section 101(a)(4)). Such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of title IV unless—

[(i) in the case of a graduate medical school located outside the United States—

[(I)(aa) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

[(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

[(II) the institution has a clinical training program that was approved by a State as of January 1, 1992; or

[(ii) in the case of a veterinary school located outside the United States that does not meet the requirements of section 101(a)(4), the institution's students complete their clinical training at an approved veterinary school located in the United States.

[(B) ADVISORY PANEL.—

[(i) IN GENERAL.—For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish an advisory panel of medical experts that shall—

[(I) evaluate the standards of accreditation applied to applicant foreign medical schools; and

[(II) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

[(ii) SPECIAL RULE.—If the accreditation standards described in clause (i) are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 101.

[(C) FAILURE TO RELEASE INFORMATION.—The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) shall render such institution ineligible for the purpose of part B of title IV.

[(D) SPECIAL RULE.—If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under title IV, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

[(3) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution—

[(A) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act;

[(B) enrolls 50 percent or more of the institution's students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

[(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for a nonprofit institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary diploma, respectively; or

[(D) has a student enrollment in which more than 50 percent of the students do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree or an associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit in-

stitution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a secondary school diploma or its recognized equivalent.

[(4) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—

[(A) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution's management or policies) that files for bankruptcy under chapter 11 of title 11, United States Code, between July 1, 1998, and December 1, 1998; or

[(B) the institution, the institution's owner, or the institution's chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under title IV, or has been judicially determined to have committed fraud involving funds under title IV.

[(5) CERTIFICATION.—The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part H of title IV.

[(6) LOSS OF ELIGIBILITY.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

[(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—

[(1) PRINCIPAL CRITERIA.—For the purpose of this section, the term "proprietary institution of higher education" means a school that—

[(A) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

[(B) meets the requirements of paragraphs (1) and (2) of section 101(a);

[(C) does not meet the requirement of paragraph (4) of section 101(a);

[(D) is accredited by a nationally recognized accrediting agency or association recognized by the Secretary pursuant to part H of title IV;

[(E) has been in existence for at least 2 years; and

[(F) has at least 10 percent of the school's revenues from sources that are not derived from funds provided under title IV, as determined in accordance with regulations prescribed by the Secretary.

[(2) ADDITIONAL INSTITUTIONS.—The term "proprietary institution of higher education" also includes a proprietary educational institution in any State that, in lieu of the requirement in paragraph (1) of section 101(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

[(c) POSTSECONDARY VOCATIONAL INSTITUTION.—

[(1) PRINCIPAL CRITERIA.—For the purpose of this section, the term "postsecondary vocational institution" means a school that—

[(A) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

[(B) meets the requirements of paragraphs (1), (2), (4), and (5) of section 101(a); and

[(C) has been in existence for at least 2 years.

[(2) ADDITIONAL INSTITUTIONS.—The term "postsecondary vocational institution" also includes an educational institution in any State that, in lieu of the requirement in paragraph (1) of section 101(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.]

SEC. 101. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

(a) INSTITUTION OF HIGHER EDUCATION.—For purposes of this Act, the term "institution of higher education" means an educational institution in any State that—

(1) admits as regular students only individuals who—

(A) meet the requirements of section 484(d)(3), or have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

(B) are beyond the age of compulsory school attendance in the State in which the institution is located; or

(C) will be dually enrolled in that institution and a secondary school;

(2) is legally authorized within such State to provide a program of education beyond secondary education;

(3)(A) is accredited by a nationally recognized accrediting agency or association; or

(B) if not so accredited, is a public or nonprofit institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time; and

(4) meets either of the following criteria:

(A) is a nonprofit, for-profit, or public institution that—

(i) provides an educational program for which the institution awards a bachelor's, graduate, or professional degree;

(ii) provides not less than a 2-year educational program which is acceptable for full credit towards such a degree;

(iii) provides not less than a 1-year program of training that prepares students for gainful employment in a recognized occupation; or

(iv) awards a degree that is acceptable for admission to graduate or professional degree programs, subject to the review and approval of the Secretary; or

(B) is a nonprofit, for-profit, or public institution that provides an eligible program (as defined in section 481)—

(i) for which the institution awards a certificate; and

(ii) that prepares students for gainful employment in a recognized occupation.

(b) ADDITIONAL LIMITATIONS.—

(1) FOR-PROFIT POSTSECONDARY INSTITUTIONS.—

(A) DURATION OF ACCREDITATION.—A for-profit institution shall not be considered to be an institution of higher education unless such institution is accredited by a nationally recognized accrediting agency or association and such institution has been in existence for at least 2 years.

(B) INSTITUTIONAL ELIGIBILITY ONLY FOR COMPETITIVE GRANTS.—For the purposes of any program providing grants to institutions for use by the institution (and not for distribution among students), a for-profit institution shall not be considered to be an institution of higher education under this section if such grants are awarded on any basis other than competition on the merits of the grant proposal or application.

(2) POSTSECONDARY VOCATIONAL INSTITUTIONS.—A nonprofit or public institution that meets the criteria of subsection (a)(4)(B) shall not be considered to be an institution of higher education unless such institution has been in existence for at least 2 years.

(3) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in this section if—

(A) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy, except that this paragraph shall not apply to a nonprofit institution, the primary function of which is to provide health care educational services (or an affiliate of such an institution that has the power, by contract or ownership interest, to direct or cause the direction of the institution's management or policies) that filed for bankruptcy under chapter 11 of title 11, United States Code, between July 1, 1998, and December 1, 1998; or

(B) the institution, the institution's owner, or the institution's chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of Federal, State, or local government funds, or has been judicially determined to have committed a crime involving the acquisition, use, or expenditure involving Federal, State, or local government funds.

(4) LIMITATION ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subsection (a) if such institution—

(A) offers more than 50 percent of such institution's courses by correspondence (excluding courses offered by telecommunications as defined in section 484(l)(4)), unless the institution is an institution that meets the definition in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998;

(B) enrolls 50 percent or more of the institution's students in correspondence courses (excluding courses offered by telecommunications as defined in section 484(l)(4)), unless the institution is an institution that meets the definition in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998, except that the Secretary, at the request of the institution, may waive the applicability of this subparagraph to the institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2- or 4-year program of instruction (or both) for which the institution awards an associate or baccalaureate degree, respectively;

(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the limitation contained in this subparagraph for an institution that provides a 2- or 4-year program of instruction (or both) for which the institution awards a bachelor's degree, or an associate's degree or a postsecondary certificate, respectively; or

(D) has a student enrollment in which more than 50 percent of the students either do not meet the requirements of section 484(d)(3) or do not have a secondary school diploma or its recognized equivalent, and does not provide a 2- or 4-year program of instruction (or both) for which the institution awards an associate's degree or a bachelor's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if an institution demonstrates to the satisfaction of the Secretary that the institution exceeds such limitation because the institution serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not meet the requirements of section 484(d)(3) or do not have a secondary school diploma or its recognized equivalent.

(c) LIST OF ACCREDITING AGENCIES.—For purposes of this section, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that the Secretary determines, pursuant to subpart 2 of part H of title IV, to be reliable authority as to the quality of the education or training offered.

(d) CERTIFICATION.—The Secretary shall certify, for the purposes of participation in title IV, an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part H of title IV.

(e) LOSS OF ELIGIBILITY.—An institution of higher education shall not be considered to meet the definition of an institution of higher

education in this section for the purposes of participation in title IV if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

SEC. 102. INSTITUTIONS OUTSIDE THE UNITED STATES.

(a) INSTITUTIONS OUTSIDE THE UNITED STATES.—

(1) IN GENERAL.—An institution outside the United States shall be considered to be an institution of higher education only for purposes of part B of title IV if the institution is comparable to an institution of higher education, as defined in section 101, is legally authorized by the education ministry (or comparable agency) of the country in which the school is located, and has been approved by the Secretary for purposes of that part. The Secretary shall establish criteria by regulation for that approval and that determination of comparability. An institution may not be so approved or determined to be comparable unless such institution is a public or nonprofit institution, except that, subject to paragraph (2)(B), a graduate medical school or veterinary school located outside the United States may be a for-profit institution.

(2) MEDICAL AND VETERINARY SCHOOL CRITERIA.—In the case of a graduate medical or veterinary school outside the United States, such criteria shall include a requirement that a student attending such school outside the United States is ineligible for loans made, insured, or guaranteed under part B of title IV unless—

(A) in the case of a graduate medical school located outside the United States—

(i)(I) at least 60 percent of those enrolled in, and at least 60 percent of the graduates of, the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States or Canada (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992; or

(B) in the case of a veterinary school located outside the United States that is not a public or nonprofit institution, the institution's students complete their clinical training at an approved veterinary school located in the United States.

(b) ADVISORY PANEL.—

(1) IN GENERAL.—For the purpose of qualifying a foreign medical school as an institution of higher education only for purposes of part B of title IV, the Secretary shall publish qualifying criteria by regulation and establish an advisory panel of medical experts that shall—

(A) evaluate the standards of accreditation applied to applicant foreign medical schools; and

(B) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

(2) FAILURE TO RELEASE INFORMATION.—The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subsection (a)(2) shall render such institution ineligible for the purpose of part B of title IV.

SEC. 103. ADDITIONAL DEFINITIONS.

In this Act:

(1) AUTHORIZING COMMITTEES.—The term "authorizing committees" means the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives.

[(1)**]** *(2)* COMBINATION OF INSTITUTIONS OF HIGHER EDUCATION.—The term "combination of institutions of higher education" means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on the group's behalf.

[(2)**]** *(3)* DEPARTMENT.—The term "Department" means the Department of Education.

[(3)**]** *(4)* DISABILITY.—The term "disability" has the same meaning given that term under section 3(2) of the Americans With Disabilities Act of 1990.

[(4)**]** *(5)* ELEMENTARY SCHOOL.—The term "elementary school" has the same meaning given that term under section 9101 of the Elementary and Secondary Education Act of 1965.

[(5)**]** *(6)* GIFTED AND TALENTED.—The term "gifted and talented" has the same meaning given that term under section 9101 of the Elementary and Secondary Education Act of 1965.

[(6)**]** *(7)* LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the same meaning given that term under section 9101 of the Elementary and Secondary Education Act of 1965.

[(7) NEW BORROWER.—The term "new borrower" when used with respect to any date means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under title IV.**]**

(8) NEW BORROWER.—The term "new borrower" when used with respect to any date for any loan under any provision of—

(A) part B or part D of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under either of those parts; and

(B) part E of title IV means an individual who on that date has no outstanding balance of principal or interest owing on any loan made under that part.

[(8)**]** *(9)* NONPROFIT.—The term "nonprofit" as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one

or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

[(9)] *(10)* SCHOOL OR DEPARTMENT OF DIVINITY.—The term "school or department of divinity" means an institution, or a department or a branch of an institution, the program of instruction of which is designed for the education of students—

(A) * * *

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[(10)] *(11)* SECONDARY SCHOOL.—The term "secondary school" has the same meaning given that term under section 9101 of the Elementary and Secondary Education Act of 1965.

[(11)] *(12)* SECRETARY.—The term "Secretary" means the Secretary of Education.

[(12)] *(13)* SERVICE-LEARNING.—The term "service-learning" has the same meaning given that term under section 101(23) of the National and Community Service Act of 1990.

[(13)] *(14)* SPECIAL EDUCATION TEACHER.—The term "special education teacher" means teachers who teach children with disabilities as defined in section 602 of the Individuals with Disabilities Education Act.

[(14)] *(15)* STATE EDUCATIONAL AGENCY.—The term "State educational agency" has the same meaning given that term under section 9101 of the Elementary and Secondary Education Act of 1965.

[(15)] *(16)* STATE HIGHER EDUCATION AGENCY.—The term "State higher education agency" means the officer or agency primarily responsible for the State supervision of higher education.

[(16)] *(17)* STATE; FREELY ASSOCIATED STATES.—

(A) * * *

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PART B—ADDITIONAL GENERAL PROVISIONS

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SEC. 112. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.

[(a) PROTECTION OF RIGHTS.—It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under this Act, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.]

(a) PROTECTION OF RIGHTS.—

(1) It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the

institution directly or indirectly receiving financial assistance under this Act, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution; and

(2) It is the sense of Congress that—

(A) the diversity of institutions and educational missions is one of the key strengths of American higher education;

(B) individual colleges and universities have different missions and each institution should design its academic program in accordance with its educational goals;

(C) within the context of its institutional mission, a college should promote intellectual pluralism and facilitate the free and open exchange of ideas;

(D) students should not be intimidated, harassed, discouraged from speaking out, discriminated against, or subject to official sanction because of their personal political, ideological, or religious beliefs; and

(E) students should be treated equally and fairly, including evaluation and grading, without regard to or consideration of their personal political views or ideological beliefs.

(3) Nothing in paragraph (2) shall be construed to modify, change, or infringe upon any constitutionally protected religious liberty, freedom, expression, or association.

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education*, if the imposition of such sanction is done objectively, fairly, and without regard to the student's personal political, ideological, or religious beliefs*; or

* * * * * * *

SEC. 114. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) ESTABLISHMENT.—There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (hereafter in this section referred to as the "Committee"), which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including representatives of all sectors and types of institutions of higher education **[**(as defined in section 102)**]**, to assess the process of eligibility and certification of such institutions under title IV and the provision of financial aid under title IV.

(b) TERMS OF MEMBERS.—Terms of office of each member of the Committee shall be 3 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term. *A member of the Committee may continue to serve after the expiration of a term until a successor has been appointed.*

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(g) TERMINATION.—The Committee shall cease to exist on September 30, [2004] *2012*.

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SEC. 120. DRUG AND ALCOHOL ABUSE PREVENTION.

(a) * * *

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(e) ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.—

(1) * * *

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(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

SEC. 121. PRIOR RIGHTS AND OBLIGATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) PRE-1987 PARTS C AND D OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year [1999 and for each of the 4] *2006 and for each of the 5* succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992.

(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year [1999 and for each of the 4] *2006 and for each of the 5* succeeding fiscal years to pay obligations incurred prior to the date of enactment of the Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

(A) * * *

* * * * * * *

SEC. 123. RESTRICTIONS ON FUNDS FOR FOR-PROFIT SCHOOLS.

(a) IN GENERAL.—Notwithstanding any other provision of this Act authorizing the use of funds by an institution of higher education that receives funds under this Act, none of the funds made available under this Act to a for-profit institution of higher education may be used for—

(1) construction, maintenance, renovation, repair, or improvement of classrooms, libraries, laboratories, or other facilities;

(2) establishing, improving, or increasing an endowment fund; or

(3) establishing or improving an institutional development office to strengthen or improve contributions from alumni and the private sector.

(b) EXCEPTION.—Subsection (a) shall not apply to funds received by the institution from the grant, loan, or work assistance that is awarded under title IV to the students attending such institution.

(c) INELIGIBILITY FOR CERTAIN PROGRAMS.—Notwithstanding section 101, a for-profit institution of higher education shall not be considered an eligible institution for the programs under titles III and V of this Act.

SEC. 124. LIMITATION ON CERTAIN USES OF FUNDS.

No funds made available to carry out this Act may be used—

(1) for publicity or propaganda purposes not authorized by the Congress before the date of enactment of the College Access and Opportunity Act of 2005; or

(2) unless authorized by law in effect on such date of enactment, to produce any prepackaged news story intended for broadcast or distribution unless such story includes a clear a notification contained within the text or audio of such story stating that the prepackaged news story was prepared or funded by the Department of Education.

PART C—COST OF HIGHER EDUCATION

[SEC. 131. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

[(a) IMPROVED DATA COLLECTION.—

[(1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall direct the Commissioner of Education Statistics to convene a series of forums to develop nationally consistent methodologies for reporting costs incurred by postsecondary institutions in providing postsecondary education.

[(2) REDESIGN OF DATA SYSTEMS.—On the basis of the methodologies developed pursuant to paragraph (1), the Secretary shall redesign relevant parts of the postsecondary education data systems to improve the usefulness and timeliness of the data collected by such systems.

[(3) INFORMATION TO INSTITUTIONS.—The Commissioner of Education Statistics shall—

[(A) develop a standard definition for the following data elements:

[(i) tuition and fees for a full-time undergraduate student;

[(ii) cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472;

[(iii) average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

[(I) each type of assistance or benefit described in section 428(a)(2)(C)(i);

[(II) fellowships; and

[(III) institutional and other assistance; and

[(iv) number of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

[(B) not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, report the definitions to each institution of higher education and within a reasonable period of time thereafter inform the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives of those definitions; and

[(C) collect information regarding the data elements described in subparagraph (A) with respect to at least all institutions of higher education participating in programs

under title IV, beginning with the information from academic year 2000–2001 and annually thereafter.

[(b) DATA DISSEMINATION.—The Secretary shall make available the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on the costs for typical full-time undergraduate students.

[(c) STUDY.—

[(1) IN GENERAL.—The Commissioner of Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information with respect to—

[(A) the change in tuition and fees compared with the consumer price index and other appropriate measures of inflation;

[(B) faculty salaries and benefits;

[(C) administrative salaries, benefits and expenses;

[(D) academic support services;

[(E) research;

[(F) operations and maintenance; and

[(G) institutional expenditures for construction and technology and the potential cost of replacing instructional buildings and equipment.

[(2) EVALUATION.—The study shall include an evaluation of—

[(A) changes over time in the expenditures identified in paragraph (1);

[(B) the relationship of the expenditures identified in paragraph (1) to college costs; and

[(C) the extent to which increases in institutional financial aid and tuition discounting practices affect tuition increases, including the demographics of students receiving such discounts, the extent to which financial aid is provided to students with limited need in order to attract a student to a particular institution, and the extent to which Federal financial aid, including loan aid, has been used to offset the costs of such practices.

[(3) FINAL REPORT.—The Commissioner of Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the appropriate committees of Congress not later than September 30, 2002.

[(4) HIGHER EDUCATION MARKET BASKET.—The Bureau of Labor Statistics, in consultation with the Commissioner of Education Statistics, shall develop a higher education market basket that identifies the items that comprise the costs of higher education. The Bureau of Labor Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.

[(5) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failing

to provide the information described in paragraph (1) in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under this section and pursuant to the program participation agreement entered into under section 487.

[(d) STUDENT AID RECIPIENT SURVEY.—(1) The Secretary shall survey student aid recipients on a regular cycle, but not less than once every 3 years—

[(A) to identify the population of students receiving Federal student aid;

[(B) to determine the income distribution and other socioeconomic characteristics of federally aided students;

[(C) to describe the combinations of aid from State, Federal, and private sources received by students from all income groups;

[(D) to describe the debt burden of loan recipients and their capacity to repay their education debts; and

[(E) to disseminate such information in both published and machine readable form.

[(2) The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional and current and former students in all types of institutions, and should be designed and administered in consultation with the Congress and the post-secondary education community.]

SEC. 131. CONSUMER INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

(a) PURPOSE.—It is the purpose of this section to—

(1) provide students and families with an easy-to-use, comprehensive web-based tool for researching and comparing institutions of higher education;

(2) increase the transparency of college cost, price, and financial aid; and

(3) raise public awareness of information available about postsecondary education, particularly among low-income families, non-traditional student populations, and first-generation college students.

(b) COLLEGE OPPORTUNITY ON-LINE (COOL) WEBSITE RE-DESIGN PROCESS.—In carrying out this section, the Secretary—

(1) shall identify the data elements that are of greatest importance to prospective students, enrolled students, and their families, paying particular attention to low-income, non-traditional student populations, and first-generation college students;

(2) shall convene a group of individuals with expertise in the collection and reporting of data related to institutions of higher education, the measurement of institutional compliance costs, consumer use of data related to institutions of higher education, general consumer marketing, and college intervention services to—

(A) determine the relevance of particular data elements to prospective students, enrolled students, and families;

(B) assess the cost-effectiveness of various ways in which institutions of higher education might produce the data desired by consumers;

(C) determine the general comparability of the data across institutions of higher education;

(D) make recommendations regarding the inclusion of specific data items and the most effective and least burdensome methods to institutions of higher education of collecting and reporting useful data; and

(3) shall assure that the redesigned COOL website—

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

(B) includes clear and uniform information determined to be relevant to prospective students, enrolled students, and families;

(C) provides comparable information, by assuring that data is based on accepted criteria and common definitions;

(D) includes a sorting function that permits users to customize their search for and comparison of institutions of higher education based on the information identified through the process as prescribed in paragraph (1) as being of greatest relevance to choosing an institution of higher education.

(c) DATA COLLECTION.—

(1) DATA SYSTEM.—The Secretary shall continue to redesign the relevant parts of the Integrated Postsecondary Education Data System to include additional data as required by this section and to continue to improve the usefulness and timeliness of data collected by such systems in order to inform consumers about institutions of higher education.

(2) COLLEGE CONSUMER PROFILE.—The Secretary shall publish, for each academic year and in accordance with standard definitions developed by the Commissioner of Education Statistics (including definitions developed under section 131(a)(3)(A) as in effect on the day before the date of enactment of the College Access and Opportunity Act of 2005), from at least all institutions of higher education participating in programs under title IV the following information:

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

(B) The room and board charges for such a student.

(C) The cost of attendance for a first-time, full-time undergraduate student, consistent with the provisions of section 472.

(D) The average amount of financial assistance received by a first-time full-time undergraduate student, including—

(i) each type of assistance or benefits described in 428(a)(2)(C)(ii);

(ii) institutional and other assistance; and

(iii) Federal loans under parts B, D, and E of title IV.

(E) The number of first-time, full-time students receiving financial assistance described in each clause of subparagraph (D).

(F) The average net price for first-time, full-time students receiving Federal, State, or institutional grant or loan assistance.

(G) The institutional instructional expenditure per full-time equivalent student.

(H) Student enrollment information, including information on the number and percentage of full-time and part-time students, the number and percentage of resident and non-resident students.

(I) Faculty/student ratios.

(J) Faculty information, including the total number of faculty and the percentage of faculty who are full-time employees of the institution and the percentage who are part-time.

(K) Completion and graduation rates, identifying whether the completion or graduation rates are from a 2-year or 4-year program of instruction and, in the case of a 2-year program of instruction, the percentage of students who transfer to 4-year institutions prior or subsequent to completion or graduation.

(L) A link to the institution of higher education with information of interest to students including mission, accreditation, student services (including services for students with disabilities), transfer of credit policies and, if appropriate, placement rates and other measures of success in preparing students for entry into or advancement in the workforce.

(M) Any additional information that the Secretary may require.

(d) DATA DISSEMINATION.—The Secretary shall make available, at a minimum, the data collected pursuant to this section, including an institution's college affordability index as calculated in accordance with subsection (e). Such data shall be made available in a manner that permits the review and comparison of data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily accessible and understandable and allows parents and students to make informed decisions based on the prices for typical full-time undergraduate students and the institution's rate of cost increase. The Secretary shall work with public and private entities to promote broad public awareness, particularly among middle and high school students and their families, of the information made available under this section, including by distribution to students who participate in or receive benefits from Federally funded education programs and other Federal programs determined by the Secretary.

(e) COLLEGE AFFORDABILITY INDEX.—

(1) IN GENERAL.—The Secretary shall, on the basis of the data submitted under subsection (a), calculate a college affordability index for each institution of higher education submitting such data and shall make the index available in accordance with subsection (d) as soon as operationally possible on the Department's college opportunity online Web site. Such index shall be presented in a manner so that the index for any institution is stated in a column or cell immediately adjacent to a column or cell containing the total tuition and fees of the institution.

(2) CALCULATION OF INDEX.—The college affordability index shall be equal to—

(A) the percentage increase in the tuition and fees charged for a first-time, full-time, full-year undergraduate student between the first of the 3 most recent preceding academic years and the last of those 3 academic years; divided by

(B) the percentage increase in the Consumer Price Index—All Urban Consumers (Current Series) from July of the first of those 3 academic years to July of the last of those 3 academic years.

(f) OUTCOMES AND ACTIONS.—

(1) RESPONSE FROM INSTITUTION.—Effective on June 30, 2009, an institution that has a college affordability index that exceeds 2.0 for any 3-year interval ending on or after that date shall provide a report to the Secretary, in such a form, at such time, and containing such information as the Secretary may require. Such report shall include—

(A) an explanation of the factors contributing to the increase in the institution's costs and in the tuition and fees charged to students;

(B) a management plan stating the specific steps the institution is and will be taking to reduce its college affordability index;

(C) an action plan, including a schedule, by which the institution will reduce increases in or stabilize, such costs and tuition and fees; and

(D) if determinations of tuition and fee increases are not within the exclusive control of the institution, a description of the agency or instrumentality of State government or other entity that participates in such determinations and the authority exercised by such agency, instrumentality, or entity.

(2) INFORMATION TO THE PUBLIC.—Upon receipt of the institution's report and management plan under paragraph (1), the Secretary shall make the institution's report required under paragraph (1) available to the public in accordance with subsection (b).

(3) QUALITY-EFFICIENCY TASK FORCES.—

(A) REQUIRED.—Each institution subject to paragraph (1) that has a college affordability index that is in the highest 25 percent of such indexes of all institutions subject to paragraph (1) shall establish a quality-efficiency task force to review the operations of such institution.

(B) MEMBERSHIP.—Such task force shall include administrators and business and civic leaders and may include faculty, students, trustees, parents of students, and alumni of such institution.

(C) FUNCTIONS.—Such task force shall analyze institutional operating costs in comparison with such costs at other institutions within the class of institutions. Such analysis should identify areas where, in comparison with other institutions in such class, the institution operates more expensively to produce a similar result. Any identified

areas should then be targeted for in-depth analysis for cost reduction opportunities.

(D) REPORT.—The results of the analysis by a quality-efficiency task force under this paragraph shall be included in the report to the Secretary under paragraph (1).

(4) CONSEQUENCES FOR 2-YEAR CONTINUATION OF FAILURE.—If the Secretary determines that the institution has failed to comply with the management plan and action plan submitted by the institution under this subsection following the next 2 academic years that begin after the submission of such plans, and has failed to reduce the college affordability index below 2.0 for such 2 academic years, the Secretary—

(A) shall make available to the public a detailed report provided by the institution on all costs and expenditures, and on all tuition and fees charged to students, for such 2 academic years;

(B) shall place the institution on an affordability alert status and shall make the information regarding the institution's failure available in accordance with subsection (d);

(C) shall notify the institution's accrediting agency of the institution's failure; and

(D) may require the institution to submit to a review and audit by the Inspector General of the Department of Education to determine the cause of the institution's failure.

(5) INFORMATION TO STATE AGENCIES.—Any institution that reports under paragraph (1)(C) that an agency or instrumentality of State government or other entity participates in the determinations of tuition and fee increases shall, prior to submitting any information to the Secretary under this subsection, submit such information to, and request the comments and input of, such agency, instrumentality, or entity. With respect to any such institution, the Secretary shall provide a copy of any communication by the Secretary with that institution to such agency, instrumentality, or entity.

(6) EXEMPTIONS.—

(A) RELATIVE PRICE EXEMPTION.—The Secretary shall, for any 3-year interval for which college affordability indexes are computed under paragraph (1), determine and publish the dollar amount that, for each class of institution described in paragraph (7) represents the maximum tuition and fees charged for a full-time undergraduate student in the least costly quartile of institutions within each such class during the last year of such 3-year interval. An institution that has a college affordability index computed under paragraph (1) that exceeds 2.0 for any such 3-year interval, but that, on average during such 3-year interval, charges less than such maximum tuition and fees shall not be subject to the actions required by subparagraph (B) or (C) of paragraph (1), or any action under paragraph (4), unless such institution, for a subsequent 3-year interval, charges more than such maximum tuition and fees.

(B) DOLLAR INCREASE EXEMPTION.—An institution that has a college affordability index computed under paragraph (1) that exceeds 2.0 for any 3-year interval, but that exceeds such 2.0 by a dollar amount that is less than $500,

shall not be subject to the actions required by subparagraph (B) or (C) of paragraph (1), or any action under paragraph (4), unless such institution has a college affordability index for a subsequent 3-year interval that exceeds 2.0 by more than such dollar amount.

(7) CLASSES OF INSTITUTIONS.—For purposes of this subsection, the classes of institutions shall be those sectors used by the Integrated Postsecondary Education Data System, based on whether the institution is public, nonprofit private, or for-profit private, and whether the institution has a 4-year, 2-year, or less than 2-year program of instruction.

(g) FINES.—In addition to actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failing to provide the information described in this section in a timely and accurate manner, or for failing to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost and price of higher education under this section and pursuant to the program participation agreement entered into under section 487.

(h) GAO STUDY AND REPORT.—

(1) GAO STUDY.—The Comptroller General shall conduct a study of the policies and procedures implemented by institutions in increasing the affordability of postsecondary education. Such study shall include information with respect to—

(A) a list of those institutions that—

(i) have reduced their college affordability indexes; or

(ii) are, as determined under subsection (f)(6)(A), within the least costly quartile of institutions within each class described in subsection (f)(7);

(B) policies implemented to stem the increase in tuition and fees and institutional costs;

(C) the extent to which room and board costs and prices changed;

(D) the extent to which other services were altered to affect tuition and fees;

(E) the extent to which the institution's policies affected student body demographics and time to completion;

(F) what, if any, operational factors played a role in reducing tuition and fees;

(G) the extent to which academic quality was affected, and how;

(H) the extent to which policies and practices reducing costs and prices may be replicated from one institution to another; and

(I) other information as necessary to determine best practices in increasing the affordability of postsecondary education.

(2) INTERIM AND FINAL REPORTS.—The Comptroller General shall submit an interim and a final report regarding the findings of the study required by paragraph (1) to the appropriate authorizing committees of Congress. The interim report shall be submitted not later than July 31, 2011, and the final report shall be submitted not later than July 31, 2013.

(i) STUDENT AID RECIPIENT SURVEY.—

(1) SURVEY REQUIRED.—The Secretary shall conduct a survey of student aid recipients under title IV on a regular cycle and State-by-State basis, but not less than once every 4 years—

(A) to identify the population of students receiving Federal student aid;

(B) to describe the income distribution and other socioeconomic characteristics of federally aided students;

(C) to describe the combinations of aid from State, Federal, and private sources received by students from all income groups;

(D) to describe the debt burden of educational loan recipients and their capacity to repay their education debts, and the impact of such debt burden on career choices;

(E) to describe the role played by the price of postsecondary education in the determination by students of what institution to attend; and

(F) to describe how the increased costs of textbooks and other instructional materials affects the costs of postsecondary education to students.

(2) SURVEY DESIGN.—The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional and current and former students in all types of institutions, and designed and administered in consultation with the Congress and the postsecondary education community.

(3) DISSEMINATION.—The Secretary shall disseminate the information resulting from the survey in both printed and electronic form.

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

SEC. 132. DATABASES OF STUDENT INFORMATION PROHIBITED.

(a) PROHIBITION.—Except as described in (b), nothing in this Act shall be construed to authorize the design, development, creation, implementation, or maintenance of a nationwide database of personally identifiable information on individuals receiving assistance, attending institutions receiving assistance, or otherwise involved in any studies or other collections of data under this Act, including a student unit record system, an education bar code system, or any other system that tracks individual students over time.

(b) EXCEPTION.—The provisions of subsection (a) shall not affect the loan obligation enforcement activities described in section 485B of this Act.

PART D—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 141. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

(a) ESTABLISHMENT AND PURPOSE.—

(1) * * *

(2) PURPOSES.—The purposes of the PBO are—

(A) * * *

(B) to reduce the *unit* costs of administering those programs *and, to the extent practicable, the total costs of administering those programs*;

* * * * * * *

(c) PERFORMANCE PLAN AND REPORT.—

(1) PERFORMANCE PLAN.—

(A) IN GENERAL.—Each *fiscal* year, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

(B) CONSULTATION.—In developing the 5-year performance plan and any revision to the plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of higher education, Congress, lenders, *secondary markets, guaranty agencies,* the Advisory Committee on Student Financial Assistance, and other interested parties not less than 30 days prior to the implementation of the performance plan or revision.

* * * * * * *

(2) ANNUAL REPORT.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year. The annual report shall include the following:

(A) * * *

(B) Financial and performance requirements applicable to the PBO under the **[**Chief Financial Officer Act of 1990 and**]** *Chief Financial Officers Act of 1990,* the Government Performance and Results Act of 1993*, and other relevant statutes*.

(d) CHIEF OPERATING OFFICER.—

(1) * * *

* * * * * * *

(4) PERFORMANCE AGREEMENT.—

(A) * * *

(B) TRANSMITTAL.—The final agreement, and any revision to the final agreement, shall be transmitted to the **[**Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate**]** *authorizing committees*, and made publicly available.

* * * * * * *

(f) STUDENT LOAN OMBUDSMAN.—

(1) * * *

* * * * * * *

(3) FUNCTIONS OF OMBUDSMAN.—The Ombudsman shall—

(A) in accordance with regulations of the Secretary, receive, review, and attempt to resolve informally complaints from borrowers of loans described in paragraph (1), includ-

ing, as appropriate, attempts to resolve such complaints within the Department of Education and with institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in the loan programs described in paragraph [(1)(A)] *(1)*; and

* * * * * * *

TITLE II—TEACHER QUALITY ENHANCEMENT

[PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

[SEC. 201. PURPOSES; DEFINITIONS.

[(a) PURPOSES.—The purposes of this part are to—

[(1) improve student achievement;

[(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities;

[(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, such as mathematics, science, English, foreign languages, history, economics, art, civics, Government, and geography, including training in the effective uses of technology in the classroom; and

[(4) recruit highly qualified individuals, including individuals from other occupations, into the teaching force.

[(b) DEFINITIONS.—In this part:

[(1) ARTS AND SCIENCES.—The term "arts and sciences" means—

[(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers 1 or more academic majors in disciplines or content areas corresponding to the academic subject matter areas in which teachers provide instruction; and

[(B) when referring to a specific academic subject matter area, the disciplines or content areas in which academic majors are offered by the arts and science organizational unit.

[(2) HIGH NEED LOCAL EDUCATIONAL AGENCY.—The term "high need local educational agency" means a local educational agency that serves an elementary school or secondary school located in an area in which there is—

[(A) a high percentage of individuals from families with incomes below the poverty line;

[(B) a high percentage of secondary school teachers not teaching in the content area in which the teachers were trained to teach; or

[(C) a high teacher turnover rate.

[(3) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the

Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

[SEC. 202. STATE GRANTS.

[(a) IN GENERAL.—From amounts made available under section 210(1) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible States to enable the eligible States to carry out the activities described in subsection (d).

[(b) ELIGIBLE STATE.—

[(1) DEFINITION.—In this part, the term "eligible State" means—

[(A) the Governor of a State; or

[(B) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency.

[(2) CONSULTATION.—The Governor and the individual, entity, or agency designated under paragraph (1) shall consult with the Governor, State board of education, State educational agency, or State agency for higher education, as appropriate, with respect to the activities assisted under this section.

[(3) CONSTRUCTION.—Nothing in this subsection shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

[(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall, at the time of the initial grant application, submit an application to the Secretary that—

[(1) meets the requirement of this section;

[(2) includes a description of how the eligible State intends to use funds provided under this section; and

[(3) contains such other information and assurances as the Secretary may require.

[(d) USES OF FUNDS.—An eligible State that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

[(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, and possess strong teaching skills, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

[(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

[(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers with alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

[(4) ALTERNATIVE ROUTES TO STATE CERTIFICATION.—Carrying out programs that—

[(A) include support during the initial teaching experience; and

[(B) establish, expand, or improve alternative routes to State certification of teachers for highly qualified individuals, including mid-career professionals from other occupations, paraprofessionals, former military personnel and recent college graduates with records of academic distinction.

[(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to expeditiously remove incompetent or unqualified teachers consistent with procedures to ensure due process for the teachers.

[(6) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

[(7) RECRUITMENT.—Activities described in section 204(d).

[SEC. 203. PARTNERSHIP GRANTS.

[(a) GRANTS.—From amounts made available under section 210(2) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible partnerships to enable the eligible partnerships to carry out the activities described in subsections (d) and (e).

[(b) DEFINITIONS.—

[(1) ELIGIBLE PARTNERSHIPS.—In this part, the term "eligible partnerships" means an entity that—

[(A) shall include—

[(i) a partner institution;

[(ii) a school of arts and sciences; and

[(iii) a high need local educational agency; and

[(B) may include a Governor, State educational agency, the State board of education, the State agency for higher education, an institution of higher education not described in subparagraph (A), a public charter school, a public or private elementary school or secondary school, a public or private nonprofit educational organization, a business, a teacher organization, or a prekindergarten program.

[(2) PARTNER INSTITUTION.—In this section, the term "partner institution" means a private independent or State-supported public institution of higher education, the teacher training program of which demonstrates that—

[(A) graduates from the teacher training program exhibit strong performance on State-determined qualifying assessments for new teachers through—

[(i) demonstrating that 80 percent or more of the graduates of the program who intend to enter the field of teaching have passed all of the applicable State qualification assessments for new teachers, which shall include an assessment of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher intends to teach; or

[(ii) being ranked among the highest-performing teacher preparation programs in the State as determined by the State—

[(I) using criteria consistent with the requirements for the State report card under section 207(b); and

[(II) using the State report card on teacher preparation required under section 207(b), after the first publication of such report card and for every year thereafter; or

[(B) the teacher training program requires all the students of the program to participate in intensive clinical experience, to meet high academic standards, and—

[(i) in the case of secondary school candidates, to successfully complete an academic major in the subject area in which the candidate intends to teach or to demonstrate competence through a high level of performance in relevant content areas; and

[(ii) in the case of elementary school candidates, to successfully complete an academic major in the arts and sciences or to demonstrate competence through a high level of performance in core academic subject areas.

[(c) APPLICATION.—Each eligible partnership desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

[(1) contain a needs assessment of all the partners with respect to teaching and learning and a description of how the partnership will coordinate with other teacher training or professional development programs, and how the activities of the partnership will be consistent with State, local, and other education reform activities that promote student achievement;

[(2) contain a resource assessment that describes the resources available to the partnership, the intended use of the grant funds, including a description of how the grant funds will be fairly distributed in accordance with subsection (f), and the commitment of the resources of the partnership to the activities assisted under this part, including financial support, faculty participation, time commitments, and continuation of the activities when the grant ends; and

[(3) contain a description of—

[(A) how the partnership will meet the purposes of this part;

[(B) how the partnership will carry out the activities required under subsection (d) and any permissible activities under subsection (e); and

[(C) the partnership's evaluation plan pursuant to section 206(b).

[(d) REQUIRED USES OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to carry out the following activities:

[(1) REFORMS.—Implementing reforms within teacher preparation programs to hold the programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, and for promoting strong teaching skills, including working with a school of arts and sciences and integrating reliable research-based teaching methods into the curriculum, which curriculum shall include programs designed to successfully integrate technology into teaching and learning.

[(2) CLINICAL EXPERIENCE AND INTERACTION.—Providing sustained and high quality preservice clinical experience including the mentoring of prospective teachers by veteran teachers, and substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time, for such interaction.

[(3) PROFESSIONAL DEVELOPMENT.—Creating opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach, and that promotes strong teaching skills.

[(e) ALLOWABLE USES OF FUNDS.—An eligible partnership that receives a grant under this section may use such funds to carry out the following activities:

[(1) TEACHER PREPARATION AND PARENT INVOLVEMENT.—Preparing teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals, and involving parents in the teacher preparation program reform process.

[(2) DISSEMINATION AND COORDINATION.—Broadly disseminating information on effective practices used by the partnership, and coordinating with the activities of the Governor, State board of education, State higher education agency, and State educational agency, as appropriate.

[(3) MANAGERIAL AND LEADERSHIP SKILLS.—Developing and implementing proven mechanisms to provide principals and superintendents with effective managerial and leadership skills that result in increased student achievement.

[(4) TEACHER RECRUITMENT.—Activities described in section 204(d).

[(f) SPECIAL RULE.—No individual member of an eligible partnership shall retain more than 50 percent of the funds made available to the partnership under this section.

[(g) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an eligible partnership from using grant funds to coordi-

nate with the activities of more than one Governor, State board of education, State educational agency, local educational agency, or State agency for higher education.

[SEC. 204. TEACHER RECRUITMENT GRANTS.

[(a) PROGRAM AUTHORIZED.—From amounts made available under section 210(3) for a fiscal year, the Secretary is authorized to award grants, on a competitive basis, to eligible applicants to enable the eligible applicants to carry out activities described in subsection (d).

[(b) ELIGIBLE APPLICANT DEFINED.—In this part, the term "eligible applicant" means—

[(1) an eligible State described in section 202(b); or

[(2) an eligible partnership described in section 203(b).

[(c) APPLICATION.—Any eligible applicant desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require, including—

[(1) a description of the assessment that the eligible applicant, and the other entities with whom the eligible applicant will carry out the grant activities, have undertaken to determine the most critical needs of the participating high-need local educational agencies;

[(2) a description of the activities the eligible applicant will carry out with the grant; and

[(3) a description of the eligible applicant's plan for continuing the activities carried out with the grant, once Federal funding ceases.

[(d) USES OF FUNDS.—Each eligible applicant receiving a grant under this section shall use the grant funds—

[(1)(A) to award scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program;

[(B) to provide support services, if needed to enable scholarship recipients to complete postsecondary education programs; and

[(C) for followup services provided to former scholarship recipients during the recipients first 3 years of teaching; or

[(2) to develop and implement effective mechanisms to ensure that high need local educational agencies and schools are able to effectively recruit highly qualified teachers.

[(e) SERVICE REQUIREMENTS.—The Secretary shall establish such requirements as the Secretary finds necessary to ensure that recipients of scholarships under this section who complete teacher education programs subsequently teach in a high-need local educational agency, for a period of time equivalent to the period for which the recipients receive scholarship assistance, or repay the amount of the scholarship. The Secretary shall use any such repayments to carry out additional activities under this section.

[SEC. 205. ADMINISTRATIVE PROVISIONS.

[(a) DURATION; ONE-TIME AWARDS; PAYMENTS.—

[(1) DURATION.—

[(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—Grants awarded to eligible States and eligible applicants

under this part shall be awarded for a period not to exceed 3 years.

[(B) ELIGIBLE PARTNERSHIPS.—Grants awarded to eligible partnerships under this part shall be awarded for a period of 5 years.

[(2) ONE-TIME AWARD.—An eligible State and an eligible partnership may receive a grant under each of sections 202, 203, and 204 only once.

[(3) PAYMENTS.—The Secretary shall make annual payments of grant funds awarded under this part.

[(b) PEER REVIEW.—

[(1) PANEL.—The Secretary shall provide the applications submitted under this part to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

[(2) PRIORITY.—In recommending applications to the Secretary for funding under this part, the panel shall—

[(A) with respect to grants under section 202, give priority to eligible States serving States that—

[(i) have initiatives to reform State teacher certification requirements that are designed to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are certified or licensed to teach;

[(ii) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content area in which the teachers plan to teach and have strong teaching skills; or

[(iii) involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas;

[(B) with respect to grants under section 203—

[(i) give priority to applications from eligible partnerships that involve businesses; and

[(ii) take into consideration—

[(I) providing an equitable geographic distribution of the grants throughout the United States; and

[(II) the potential of the proposed activities for creating improvement and positive change.

[(3) SECRETARIAL SELECTION.—The Secretary shall determine, based on the peer review process, which application shall receive funding and the amounts of the grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

[(c) MATCHING REQUIREMENTS.—

[(1) STATE GRANTS.—Each eligible State receiving a grant under section 202 or 204 shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the

grant (in cash or in kind) to carry out the activities supported by the grant.

[(2) PARTNERSHIP GRANTS.—Each eligible partnership receiving a grant under section 203 or 204 shall provide, from non-Federal sources (in cash or in kind), an amount equal to 25 percent of the grant for the first year of the grant, 35 percent of the grant for the second year of the grant, and 50 percent of the grant for each succeeding year of the grant.

[(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible State or eligible partnership that receives a grant under this part may not use more than 2 percent of the grant funds for purposes of administering the grant.

[(e) TEACHER QUALIFICATIONS PROVIDED TO PARENTS UPON REQUEST.—Any local educational agency or school that benefits from the activities assisted under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualification of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall inform parents that the parents are entitled to receive the information upon request.

[SEC. 206. ACCOUNTABILITY AND EVALUATION.

[(a) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under section 202 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the eligible State, in using funds provided under such section, has made substantial progress in meeting the following goals:

[(1) STUDENT ACHIEVEMENT.—Increasing student achievement for all students as defined by the eligible State.

[(2) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, through the use of incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

[(3) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the pass rate for initial State teacher certification or licensure, or increasing the numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

[(4) CORE ACADEMIC SUBJECTS.—

[(A) SECONDARY SCHOOL CLASSES.—Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

[(i) with academic majors in those areas or in a related field;

[(ii) who can demonstrate a high level of competence through rigorous academic subject area tests; or

[(iii) who can demonstrate competence through a high level of performance in relevant content areas.

[(B) ELEMENTARY SCHOOL CLASSES.—Increasing the percentage of elementary school classes taught by teachers—

[(i) with academic majors in the arts and sciences; or

[(ii) who can demonstrate competence through a high level of performance in core academic subjects.

[(5) DECREASING TEACHER SHORTAGES.—Decreasing shortages of qualified teachers in poor urban and rural areas.

[(6) INCREASING OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified or licensed to teach or in which the teachers are working toward certification or licensure to teach, and that promotes strong teaching skills.

[(7) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

[(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each eligible partnership receiving a grant under section 203 shall establish and include in the application submitted under section 203(c), an evaluation plan that includes strong performance objectives. The plan shall include objectives and measures for—

[(1) increased student achievement for all students as measured by the partnership;

[(2) increased teacher retention in the first 3 years of a teacher's career;

[(3) increased success in the pass rate for initial State certification or licensure of teachers; and

[(4) increased percentage of secondary school classes taught in core academic subject areas by teachers—

[(A) with academic majors in the areas or in a related field; and

[(B) who can demonstrate a high level of competence through rigorous academic subject area tests or who can demonstrate competence through a high level of performance in relevant content areas;

[(5) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences or who demonstrate competence through a high level of performance in core academic subject areas; and

[(6) increasing the number of teachers trained in technology.

[(c) REVOCATION OF GRANT.—

[(1) REPORT.—Each eligible State or eligible partnership receiving a grant under this part shall report annually on the progress of the eligible State or eligible partnership toward meeting the purposes of this part and the goals, objectives, and measures described in subsections (a) and (b).

[(2) REVOCATION.—

[(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—If the Secretary determines that an eligible State or eligible applicant is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the second year of a grant under this part, then the grant payment shall not be made for the third year of the grant.

[(B) ELIGIBLE PARTNERSHIPS.—If the Secretary determines that an eligible partnership is not making substan-

tial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the third year of a grant under this part, then the grant payments shall not be made for any succeeding year of the grant.

[(d) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this part and report the Secretary's findings regarding the activities to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by eligible States and eligible partnerships under this part, and shall broadly disseminate information regarding such practices that were found to be ineffective.

[SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

[(a) DEVELOPMENT OF DEFINITIONS AND REPORTING METHODS.—Within 9 months of the date of enactment of the Higher Education Amendments of 1998, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions for terms, and uniform reporting methods (including the key definitions for the consistent reporting of pass rates), related to the performance of elementary school and secondary school teacher preparation programs.

[(b) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—Each State that receives funds under this Act shall provide to the Secretary, within 2 years of the date of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in subsection (a), a State report card on the quality of teacher preparation in the State, which shall include at least the following:

[(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by the State.

[(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher certification or licensure and to be certified or licensed to teach particular subjects or in particular grades within the State.

[(3) A description of the extent to which the assessments and requirements described in paragraph (1) are aligned with the State's standards and assessments for students.

[(4) The percentage of teaching candidates who passed each of the assessments used by the State for teacher certification and licensure, and the passing score on each assessment that determines whether a candidate has passed that assessment.

[(5) The percentage of teaching candidates who passed each of the assessments used by the State for teacher certification and licensure, disaggregated and ranked, by the teacher preparation program in that State from which the teacher candidate received the candidate's most recent degree, which shall be made available widely and publicly.

[(6) Information on the extent to which teachers in the State are given waivers of State certification or licensure requirements, including the proportion of such teachers distributed

across high- and low-poverty school districts and across subject areas.

[(7) A description of each State's alternative routes to teacher certification, if any, and the percentage of teachers certified through alternative certification routes who pass State teacher certification or licensure assessments.

[(8) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education in the State, including indicators of teacher candidate knowledge and skills.

[(9) Information on the extent to which teachers or prospective teachers in each State are required to take examinations or other assessments of their subject matter knowledge in the area or areas in which the teachers provide instruction, the standards established for passing any such assessments, and the extent to which teachers or prospective teachers are required to receive a passing score on such assessments in order to teach in specific subject areas or grade levels.

[(c) INITIAL REPORT.—

[(1) IN GENERAL.—Each State that receives funds under this Act, not later than 6 months of the date of enactment of the Higher Education Amendments of 1998 and in a uniform and comprehensible manner, shall submit to the Secretary the information described in paragraphs (1), (5), and (6) of subsection (b). Such information shall be compiled by the Secretary and submitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 9 months after the date of enactment of the Higher Education Amendments of 1998.

[(2) CONSTRUCTION.—Nothing in this subsection shall be construed to require a State to gather information that is not in the possession of the State or the teacher preparation programs in the State, or readily available to the State or teacher preparation programs.

[(d) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—

[(1) REPORT CARD.—The Secretary shall provide to Congress, and publish and make widely available, a report card on teacher qualifications and preparation in the United States, including all the information reported in paragraphs (1) through (9) of subsection (b). Such report shall identify States for which eligible States and eligible partnerships received a grant under this part. Such report shall be so provided, published and made available not later than 2 years 6 months after the date of enactment of the Higher Education Amendments of 1998 and annually thereafter.

[(2) REPORT TO CONGRESS.—The Secretary shall report to Congress—

[(A) a comparison of States' efforts to improve teaching quality; and

[(B) regarding the national mean and median scores on any standardized test that is used in more than 1 State for teacher certification or licensure.

[(3) SPECIAL RULE.—In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification or licensure assessment during an academic year, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

[(e) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher certification or licensure assessments in a State other than the State in which the individual received the individual's most recent degree.

[(f) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—

[(1) REPORT CARD.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving Federal assistance under this Act, not later than 18 months after the date of enactment of the Higher Education Amendments of 1998 and annually thereafter, shall report to the State and the general public, in a uniform and comprehensible manner that conforms with the definitions and methods established under subsection (a), the following information:

[(A) PASS RATE.—(i) For the most recent year for which the information is available, the pass rate of the institution's graduates on the teacher certification or licensure assessments of the State in which the institution is located, but only for those students who took those assessments within 3 years of completing the program.

[(ii) A comparison of the program's pass rate with the average pass rate for programs in the State.

[(iii) In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification or licensure assessment during an academic year, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

[(B) PROGRAM INFORMATION.—The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the faculty-student ratio in supervised practice teaching.

[(C) STATEMENT.—In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

[(D) DESIGNATION AS LOW-PERFORMING.—Whether the program has been designated as low-performing by the State under section 208(a).

[(2) REQUIREMENT.—The information described in paragraph (1) shall be reported through publications such as school catalogs and promotional materials sent to potential applicants, secondary school guidance counselors, and prospective employers of the institution's program graduates.

[(3) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on an institution of higher education for failure to provide the

information described in this subsection in a timely or accurate manner.

[SEC. 208. STATE FUNCTIONS.

[(a) STATE ASSESSMENT.—In order to receive funds under this Act, a State, not later than 2 years after the date of enactment of the Higher Education Amendments of 1998, shall have in place a procedure to identify, and assist, through the provision of technical assistance, low-performing programs of teacher preparation within institutions of higher education. Such State shall provide the Secretary an annual list of such low-performing institutions that includes an identification of those institutions at-risk of being placed on such list. Such levels of performance shall be determined solely by the State and may include criteria based upon information collected pursuant to this part. Such assessment shall be described in the report under section 207(b).

[(b) TERMINATION OF ELIGIBILITY.—Any institution of higher education that offers a program of teacher preparation in which the State has withdrawn the State's approval or terminated the State's financial support due to the low performance of the institution's teacher preparation program based upon the State assessment described in subsection (a)—

[(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

[(2) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in the institution's teacher preparation program.

[(c) NEGOTIATED RULEMAKING.—If the Secretary develops any regulations implementing subsection (b)(2), the Secretary shall submit such proposed regulations to a negotiated rulemaking process, which shall include representatives of States, institutions of higher education, and educational and student organizations.

[SEC. 209. GENERAL PROVISIONS.

[(a) METHODS.—In complying with sections 207 and 208, the Secretary shall ensure that States and institutions of higher education use fair and equitable methods in reporting and that the reporting methods protect the privacy of individuals.

[(b) SPECIAL RULE.—For each State in which there are no State certification or licensure assessments, or for States that do not set minimum performance levels on those assessments—

[(1) the Secretary shall, to the extent practicable, collect data comparable to the data required under this part from States, local educational agencies, institutions of higher education, or other entities that administer such assessments to teachers or prospective teachers; and

[(2) notwithstanding any other provision of this part, the Secretary shall use such data to carry out requirements of this part related to assessments or pass rates.

[(c) LIMITATIONS.—

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

shall not be construed to prohibit private, religious, or home schools from participation in programs or services under this part.

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

[(3) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize the Secretary to establish or support any national system of teacher certification.

[SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years, of which—

[(1) 45 percent shall be available for each fiscal year to award grants under section 202;

[(2) 45 percent shall be available for each fiscal year to award grants under section 203; and

[(3) 10 percent shall be available for each fiscal year to award grants under section 204.]

PART A—TEACHER QUALITY ENHANCEMENT GRANTS FOR STATES AND PARTNERSHIPS

SEC. 201. PURPOSES; DEFINITIONS.

(a) PURPOSES.—The purposes of this part are to—

(1) improve student academic achievement;

(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities;

(3) hold institutions of higher education accountable for preparing highly qualified teachers; and

(4) recruit qualified individuals, including minorities and individuals from other occupations, into the teaching force.

(b) DEFINITIONS.—In this part:

(1) ARTS AND SCIENCES.—The term "arts and sciences" means—

(A) when referring to an organizational unit of an institution of higher education, any academic unit that offers one or more academic majors in disciplines or content areas corresponding to the academic subject matter areas in which teachers provide instruction; and

(B) when referring to a specific academic subject matter area, the disciplines or content areas in which academic majors are offered by the arts and science organizational unit.

(2) EXEMPLARY TEACHER.—The term "exemplary teacher" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(3) HIGHLY QUALIFIED.—The term "highly qualified" when used with respect to an individual means that the individual is highly qualified as determined under section 9101 of the Ele-

mentary and Secondary Education Act of 1965 (20 U.S.C. 7801) or section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(4) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term "high-need local educational agency" means a local educational agency—

(A)(i)(I) that serves not fewer than 10,000 children from families with incomes below the poverty line; or

(II) for which not less than 25 percent of the children served by the agency are from families with incomes below the poverty line;

(ii) that is among those serving the highest number or percentage of children from families with incomes below the poverty line in the State, but this clause applies only in a State that has no local educational agency meeting the requirements of clause (i); or

(iii) with a total of less than 600 students in average daily attendance at the schools that are served by the agency and all of whose schools are designated with a school locale code of 7, as determined by the Secretary; and

(B)(i) for which there is a high percentage of teachers not teaching in the academic subjects or grade levels that the teachers were trained to teach; or

(ii) for which there is a high percentage of teachers with emergency, provisional, or temporary certification or licensing.

(5) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

(6) PROFESSIONAL DEVELOPMENT.—The term "professional development" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(7) SCIENTIFICALLY BASED READING RESEARCH.—The term "scientifically based reading research" has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

(8) SCIENTIFICALLY BASED RESEARCH.—The term "scientifically based research" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(9) TEACHING SKILLS.—The term "teaching skills" means skills that—

(A) are based on scientifically based research;

(B) enable teachers to effectively convey and explain subject matter content;

(C) lead to increased student academic achievement; and

(D) use strategies that—

(i) are specific to subject matter;

(ii) include ongoing assessment of student learning;

(iii) focus on identification and tailoring of academic instruction to students's specific learning needs; and

(iv) focus on classroom management.

SEC. 202. STATE GRANTS.

(a) IN GENERAL.—From amounts made available under section 210(1) for a fiscal year, the Secretary is authorized to award grants under this section, on a competitive basis, to eligible States to enable the eligible States to carry out the activities described in subsection (d).

(b) ELIGIBLE STATE.—

(1) DEFINITION.—In this part, the term "eligible State" means—

(A) the Governor of a State; or

(B) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency.

(2) CONSULTATION.—The Governor or the individual, entity, or agency designated under paragraph (1)(B) shall consult with the Governor, State board of education, State educational agency, State agency for higher education, or State agency responsible for early childhood education and programs, as appropriate, with respect to the activities assisted under this section.

(3) CONSTRUCTION.—Nothing in this subsection shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

(c) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall submit an application to the Secretary that—

(1) meets the requirement of this section;

(2) demonstrates that the State is in full compliance with sections 207 and 208;

(3) includes a description of how the eligible State intends to use funds provided under this section;

(4) includes measurable objectives for the use of the funds provided under the grant;

(5) demonstrates the State has submitted and is actively implementing a plan that meets the requirements of sections 1111(h)(1)(C)(viii) and 1119 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(h)(1)(C)(viii) and 6319); and

(6) contains such other information and assurances as the Secretary may require.

(d) USES OF FUNDS.—An eligible State that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6613(c)), and to ensure that current and future teachers are highly qualified, by carrying out one or more of the following activities:

(1) REFORMS.—Ensuring that all teacher preparation programs in the State are preparing teachers who are highly qualified, are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom, including use for instructional tech-

niques to improve student academic achievement, by assisting such programs—

(A) to retrain faculty; and

(B) to design (or redesign) teacher preparation programs so they—

(i) are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

(ii) promote strong teaching skills.

(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification (including recertification) or licensing requirements to ensure that—

(A) teachers have the subject matter knowledge and teaching skills in the academic subjects that the teachers teach that are necessary to help students meet challenging State student academic achievement standards; and

(B) such requirements are aligned with challenging State academic content standards.

(3) ALTERNATIVES TO TRADITIONAL TEACHER PREPARATION AND STATE CERTIFICATION.—Providing prospective teachers with alternative routes to State certification and traditional preparation to become highly qualified teachers through—

(A) innovative approaches that reduce unnecessary barriers to State certification while producing highly qualified teachers, which may include articulation agreements between institutions of higher education;

(B) programs that provide support to teachers during their initial years in the profession; and

(C) alternative routes to State certification of teachers for qualified individuals, including mid-career professionals from other occupations, former military personnel, and recent college graduates with records of academic distinction.

(4) INNOVATIVE PROGRAMS.—Planning and implementing innovative programs to enhance the ability of institutions of higher education to prepare highly qualified teachers, such as charter colleges of education or university and local educational agency partnership schools, that—

(A) permit flexibility in meeting State requirements as long as graduates, during their initial years in the profession, increase student academic achievement;

(B) provide long-term data gathered from teachers' performance over multiple years in the classroom on the ability to increase student academic achievement;

(C) ensure high-quality preparation of teachers from underrepresented groups; and

(D) create performance measures that can be used to document the effectiveness of innovative methods for preparing highly qualified teachers.

(5) MERIT PAY.—Developing, or assisting local educational agencies in developing—

(A) merit-based performance systems that reward teachers who increase student academic achievement; and

(B) strategies that provide differential and bonus pay in high-need local educational agencies to retain—

(i) principals;

(ii) highly qualified teachers who teach in high-need academic subjects, such as reading, mathematics, and science;

(iii) highly qualified teachers who teach in schools identified for school improvement under section 1116(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6316(b));

(iv) special education teachers;

(v) teachers specializing in teaching limited English proficient children; and

(vi) highly qualified teachers in urban and rural schools or districts.

(6) TEACHER ADVANCEMENT.—Developing, or assisting local educational agencies in developing, teacher advancement and retention initiatives that promote professional growth and emphasize multiple career paths (such as paths to becoming a highly qualified mentor teacher or exemplary teacher) and pay differentiation.

(7) TEACHER REMOVAL.—Developing and implementing effective mechanisms to ensure that local educational agencies and schools are able to remove expeditiously incompetent or unqualified teachers consistent with procedures to ensure due process for the teachers.

(8) TECHNICAL ASSISTANCE.—Providing technical assistance to low-performing teacher preparation programs within institutions of higher education identified under section 208(a).

(9) TEACHER EFFECTIVENESS.—Developing—

(A) systems to measure the effectiveness of teacher preparation programs and professional development programs; and

(B) strategies to document gains in student academic achievement or increases in teacher mastery of the academic subjects the teachers teach as a result of such programs.

(10) TEACHER RECRUITMENT AND RETENTION.—Undertaking activities that—

(A) develop and implement effective mechanisms to ensure that local educational agencies and schools are able effectively to recruit and retain highly qualified teachers; or

(B) are described in section 204(d).

(11) EARLY CHILDHOOD EDUCATOR.—Developing strategies—

(A) to improve the qualifications of preschool teachers, which may include State certification for such teachers;

(B) to improve and expand preschool teacher preparation programs; and

(C) to reduce unnecessary burdens to the attainment of a bachelor's degree in early childhood education and increase the number of bilingual early childhood educators, which may include developing articulation agreements between institutions of higher education.

(12) GIFTED AND TALENTED STUDENTS.—Incorporating the learning needs of gifted and talented students into the activities described in paragraph (1), (2), or (3) in order to ensure that

new teachers possess the basic knowledge and skills necessary to meet the educational needs of gifted and talented students.

(13) NEW-TEACHER MENTORING ON THE NEEDS OF GIFTED AND TALENTED STUDENTS.— Establishing or expanding new-teacher mentoring and assessment programs (including induction and evaluation programs) that are a part of a licensure process which is designed to demonstrate that new teachers possess basic knowledge of the classroom indicators of giftedness, are able to identify student learning differences among gifted students, and are able to provide instruction to accommodate such differences.

(14) SPECIAL EDUCATION, MATH, AND SCIENCE FACULTY.— Supporting the development of new special education, math, and science faculty positions in institutions of higher education dedicated to the preparation of highly qualified special education, math, and science teachers (as defined by section 9101 of the Elementary and Secondary Education Act or section 602 of the Individuals with Disabilities Education Act), with matching funds from institutions of higher education and a commitment to continue new faculty positions when Federal funding ends.

(15) SUBJECT AREA EVALUATION.—Assessing the performance of teacher preparation programs within institutions of higher education in the State using an assessment which provides comparisons across such schools in the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach. Such information shall be made publicly available and widely disseminated.

(e) EVALUATION.—

(1) EVALUATION SYSTEM.—An eligible State that receives a grant under this section shall develop and utilize a system to evaluate annually the effectiveness of teacher preparation programs and professional development activities within the State in producing gains in—

(A) the teacher's annual contribution to improving student academic achievement, as measured by State academic assessments required under section 1111(b)(3) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(3)); and

(B) teacher mastery of the academic subjects they teach, as measured by pre- and post-participation tests of teacher knowledge, as appropriate.

(2) USE OF EVALUATION SYSTEM.—Such evaluation system shall be used by the State to evaluate—

(A) activities carried out using funds provided under this section; and

(B) the quality of its teacher education programs.

(3) PUBLIC REPORTING.—The State shall make the information described in paragraph (1) widely available through public means, such as posting on the Internet, distribution to the media, and distribution through public agencies.

SEC. 203. PARTNERSHIP GRANTS.

(a) GRANTS.—From amounts made available under section 210(2) for a fiscal year, the Secretary is authorized to award grants under

this section, on a competitive basis, to eligible partnerships to enable the eligible partnerships to carry out the activities described in subsections (d) and (e).

(b) DEFINITIONS.—

(1) ELIGIBLE PARTNERSHIPS.—In this part, the term "eligible partnership" means an entity that—

(A) shall include—

(i) a partner institution;

(ii) a school of arts and sciences;

(iii) a high-need local educational agency; and

(iv) a public or private educational organization; and

(B) may include a Governor, State educational agency, the State board of education, the State agency for higher education, an institution of higher education not described in subparagraph (A), a public charter school, a public or private elementary school or secondary school, a public or private educational organization, a business, a science-, mathematics-, or technology-oriented entity, a faith-based or community organization, a prekindergarten program, a teacher organization, an education service agency, a consortia of local educational agencies, or a nonprofit telecommunications entity.

(2) PARTNER INSTITUTION.—In this section, the term "partner institution" means an institution of higher education, the teacher training program of which demonstrates that—

(A) graduates from the teacher training program exhibit strong performance on State-determined qualifying assessments for new teachers through—

(i) demonstrating that the graduates of the program who intend to enter the field of teaching have passed all of the applicable State qualification assessments for new teachers, which shall include an assessment of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher intends to teach; or

(ii) being ranked among the highest-performing teacher preparation programs in the State as determined by the State—

(I) using criteria consistent with the requirements for the State report card under section 207(a); and

(II) using the State report card on teacher preparation required under section 207(a); or

(B) the teacher training program requires all the students of the program to participate in intensive clinical experience, to meet high academic standards, and—

(i) in the case of secondary school candidates, to successfully complete an academic major in the subject area in which the candidate intends to teach or to demonstrate competence through a high level of performance in relevant content areas; and

(ii) in the case of elementary school candidates, to successfully complete an academic major in the arts and sciences or to demonstrate competence through a

high level of performance in core academic subject areas.

(c) APPLICATION.—Each eligible partnership desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

(1) contain a needs assessment of all the partners with respect to teaching and learning and a description of how the partnership will coordinate with other teacher training or professional development programs, and how the activities of the partnership will be consistent with State, local, and other education reform activities that promote student academic achievement;

(2) contain a resource assessment that describes the resources available to the partnership, the intended use of the grant funds, including a description of how the grant funds will be used in accordance with subsection (f), and the commitment of the resources of the partnership to the activities assisted under this part, including financial support, faculty participation, time commitments, and continuation of the activities when the grant ends;

(3) contain a description of—

(A) how the partnership will meet the purposes of this part;

(B) how the partnership will carry out the activities required under subsection (d) and any permissible activities under subsection (e);

(C) the partnership's evaluation plan pursuant to section 206(b);

(D) how faculty of the teacher preparation program at the partner institution will serve, over the term of the grant, with highly qualified teachers in the classrooms of the high-need local educational agency included in the partnership;

(E) how the partnership will ensure that teachers, principals, and superintendents in private elementary and secondary schools located in the geographic areas served by an eligible partnership under this section will participate equitably in accordance with section 9501 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7881);

(F) how the partnership will design and implement a clinical program component that includes close supervision of student teachers by faculty of the teacher preparation program at the partner institution and mentor teachers;

(G) how the partnership will design and implement an induction program to support all new teachers through the first 3 years of teaching that includes mentors who are trained and compensated by the partnership for their work with new teachers; and

(H) how the partnership will collect, analyze, and use data on the retention of all teachers in schools located in the geographic areas served by the partnership to evaluate the effectiveness of its teacher support system; and

(4) contain a certification from the high-need local educational agency included in the partnership that it has reviewed

the application and determined that the grant proposed will comply with subsection (f).

(d) REQUIRED USES OF FUNDS.—An eligible partnership that receives a grant under this section shall use the grant funds to reform teacher preparation requirements, to coordinate with State activities under section 2113(c) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6613(c)), and to ensure that current and future teachers are highly qualified, by carrying out one or more of the following activities:

(1) REFORMS.—Implementing reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research and its applicability, and are able to use advanced technology effectively in the classroom, including use for instructional techniques to improve student academic achievement, by—

(A) retraining faculty; and

(B) designing (or redesigning) teacher preparation programs so they—

(i) are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

(ii) promote strong teaching skills.

(2) CLINICAL EXPERIENCE AND INTERACTION.—Providing sustained and high-quality preservice and in-service clinical experience, including the mentoring of prospective teachers by exemplary teachers, substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support for teachers, including preparation time and release time, for such interaction.

(3) PROFESSIONAL DEVELOPMENT.—Creating opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach, and that promotes strong teaching skills.

(4) TEACHER PREPARATION.—Developing, or assisting local educational agencies in developing, professional development activities that—

(A) provide training in how to teach and address the needs of students with different learning styles, particularly students with disabilities, limited English proficient students, gifted and talented students, and students with special learning needs; and

(B) provide training in methods of—

(i) improving student behavior in the classroom; and

(ii) identifying early and appropriate interventions to help students described in subparagraph (A) learn.

(e) ALLOWABLE USES OF FUNDS.—An eligible partnership that receives a grant under this section may use such funds to carry out the following activities:

(1) ALTERNATIVES TO TRADITIONAL TEACHER PREPARATION AND STATE CERTIFICATION.—Providing prospective teachers with alternative routes to State certification and traditional preparation to become highly qualified teachers through—

(A) innovative approaches that reduce unnecessary barriers to teacher preparation producing highly qualified teachers, which may include articulation agreements between institutions of higher education;

(B) programs that provide support during a teacher's initial years in the profession; and

(C) alternative routes to State certification of teachers for qualified individuals, including mid-career professionals from other occupations, former military personnel, and recent college graduates with records of academic distinction.

(2) DISSEMINATION AND COORDINATION.—Broadly disseminating information on effective practices used by the partnership, and coordinating with the activities of the Governor, State board of education, State higher education agency, and State educational agency, as appropriate.

(3) MANAGERIAL AND LEADERSHIP SKILLS.—Developing and implementing professional development programs for principals and superintendents that enable them to be effective school leaders and prepare all students to meet challenging State academic content and student academic achievement standards.

(4) TEACHER RECRUITMENT.—Activities—

(A) to encourage students to become highly qualified teachers, such as extracurricular enrichment activities; and

(B) activities described in section 204(d).

(5) CLINICAL EXPERIENCE IN SCIENCE, MATHEMATICS, AND TECHNOLOGY.—Creating opportunities for clinical experience and training, by participation in the business, research, and work environments with professionals, in areas relating to science, mathematics, and technology for teachers and prospective teachers, including opportunities for use of laboratory equipment, in order for the teacher to return to the classroom for at least 2 years and provide instruction that will raise student academic achievement.

(6) COORDINATION WITH COMMUNITY COLLEGES.—Coordinating with community colleges to implement teacher preparation programs, including through distance learning or articulation agreements, for the purposes of allowing prospective teachers—

(A) to attain a bachelor's degree and State certification or licensure; and

(B) to become highly qualified teachers.

(7) TEACHER MENTORING.—Establishing or implementing a teacher mentoring program that—

(A) includes minimum qualifications for mentors;

(B) provides training and stipends for mentors;

(C) provides mentoring programs for teachers in their first 3 years of teaching;

(D) provides regular and ongoing opportunities for mentors and mentees to observe each other's teaching methods in classroom settings during the school day;

(E) establishes an evaluation and accountability plan for activities conducted under this paragraph that includes rigorous objectives to measure the impact of such activities; and

(F) provides for a report to the Secretary on an annual basis regarding the partnership's progress in meeting the objectives described in subparagraph (E).

(8) COMPUTER SOFTWARE FOR MULTILINGUAL EDUCATION.—Training teachers to use computer software for multilingual education to address the needs of limited English proficient students.

(9) GIFTED AND TALENTED STUDENTS.—Increasing the knowledge and skills of preservice teachers participating in activities under subsection (d) in the educational and related needs of gifted and talented students by, among other strategies, infusing teacher coursework with units on the characteristics of high-ability learners, using assessments to identify preexisting knowledge and skills among students, and developing teaching strategies that are driven by the learner's progress.

(10) REDUCING THE SHORTAGE OF HIGHLY QUALIFIED SPECIAL EDUCATION, MATH, AND SCIENCE TEACHERS.—Increasing the number of highly qualified special education, math, and science teachers (as defined by section 9101 of the Elementary and Secondary Education Act or section 602 of the Individuals with Disabilities Education Act) through such activities as recruitment, scholarships for tuition, and new teacher mentoring.

(f) SPECIAL RULE.—At least 50 percent of the funds made available to an eligible partnership under this section shall be used directly to benefit the high-need local educational agency included in the partnership. Any entity described in subsection (b)(1)(A) may be the fiscal agent under this section.

(g) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an eligible partnership from using grant funds to coordinate with the activities of more than one Governor, State board of education, State educational agency, local educational agency, or State agency for higher education.

(h) SUPPLEMENT, NOT SUPPLANT.—Funds made available under this section shall be used to supplement, and not supplant, other Federal, State, and local funds that would otherwise be expended to carry out the purposes of this section.

SEC. 204. TEACHER RECRUITMENT GRANTS.

(a) PROGRAM AUTHORIZED.—From amounts made available under section 210(3) for a fiscal year, the Secretary is authorized to award grants, on a competitive basis, to eligible applicants to enable the eligible applicants to carry out activities described in subsection (d).

(b) ELIGIBLE APPLICANT DEFINED.—In this part, the term "eligible applicant" means—

(1) an eligible State described in section 202(b); or

(2) an eligible partnership described in section 203(b).

(c) APPLICATION.—Any eligible applicant desiring to receive a grant under this section shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require, including—

(1) a description of the assessment that the eligible applicant, and the other entities with whom the eligible applicant will

carry out the grant activities, have undertaken to determine the most critical needs of the participating high-need local educational agencies;

(2) a description of the activities the eligible applicant will carry out with the grant, including the extent to which the applicant will use funds to recruit minority students to become highly qualified teachers; and

(3) a description of the eligible applicant's plan for continuing the activities carried out with the grant, once Federal funding ceases.

(d) USES OF FUNDS.—Each eligible applicant receiving a grant under this section shall use the grant funds—

(1)(A) to award scholarships to help students, such as individuals who have been accepted for their first year, or who are enrolled in their first or second year, of a program of undergraduate education at an institution of higher education, pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program;

(B) to provide support services, if needed to enable scholarship recipients—

(i) to complete postsecondary education programs; or

(ii) to transition from a career outside of the field of education into a teaching career; and

(C) for followup services provided to former scholarship recipients during the recipients first 3 years of teaching; or

(2) to develop and implement effective mechanisms to ensure that high-need local educational agencies and schools are able effectively to recruit highly qualified teachers.

(e) ADDITIONAL DISCRETIONARY USES OF FUNDS.—In addition to the uses described in subsection (d), each eligible applicant receiving a grant under this section may use the grant funds—

(1) to develop and implement effective mechanisms to recruit into the teaching profession employees from—

(A) high-demand industries, including technology industries; and

(B) the fields of science, mathematics, and engineering;

(2) to conduct outreach and coordinate with inner city and rural secondary schools to encourage students to pursue teaching as a career;

(3) to develop and implement dual degree programs that enable students at institutions of higher education to earn two undergraduate degrees concurrently, one of such degrees being in education and the other in the subject matter of the student's choosing; and

(4) to recruit high achieving students, bilingual students, and other qualified candidates into early childhood education programs.

(f) SERVICE REQUIREMENTS.—

(1) IN GENERAL.—The Secretary shall establish such requirements as the Secretary determines necessary to ensure that recipients of scholarships under this section who complete teacher education programs—

(A) subsequently teach in a high-need local educational agency for a period of time equivalent to—

(i) one year; increased by

(ii) the period for which the recipient received scholarship assistance; or

(B) repay the amount of the scholarship.

(2) USE OF REPAYMENTS.—The Secretary shall use any such repayments to carry out additional activities under this section.

(g) PRIORITY.—The Secretary shall give priority under this section to eligible applicants who provide an assurance that they will recruit a high percentage of minority students to become highly qualified teachers.

SEC. 205. ADMINISTRATIVE PROVISIONS.

(a) DURATION; ONE-TIME AWARDS; PAYMENTS.—

(1) DURATION.—

(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—Grants awarded to eligible States and eligible applicants under this part shall be awarded for a period not to exceed 3 years.

(B) ELIGIBLE PARTNERSHIPS.—Grants awarded to eligible partnerships under this part shall be awarded for a period of 5 years.

(2) ONE-TIME AWARD.—An eligible partnership may receive a grant under each of sections 203 and 204, as amended by the College Access and Opportunity Act of 2005, only once.

(3) PAYMENTS.—The Secretary shall make annual payments of grant funds awarded under this part.

(b) PEER REVIEW.—

(1) PANEL.—The Secretary shall provide the applications submitted under this part to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

(2) PRIORITY.—In recommending applications to the Secretary for funding under this part, the panel shall—

(A) with respect to grants under section 202, give priority to eligible States that—

(i) have initiatives to reform State teacher certification requirements that are based on rigorous academic content, scientifically based research, including scientifically based reading research, and challenging State student academic content standards;

(ii) have innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly qualified and have strong teaching skills; or

(iii) have innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas; and

(B) with respect to grants under section 203—

(i) give priority to applications from broad-based eligible partnerships that involve businesses and community organizations; and

(ii) take into consideration—

(I) providing an equitable geographic distribution of the grants throughout the United States; and

(II) the potential of the proposed activities for creating improvement and positive change.

(3) SECRETARIAL SELECTION.—The Secretary shall determine, based on the peer review process, which application shall receive funding and the amounts of the grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

(c) MATCHING REQUIREMENTS.—

(1) STATE GRANTS.—Each eligible State receiving a grant under section 202 or 204 shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the grant (in cash or in kind) to carry out the activities supported by the grant.

(2) PARTNERSHIP GRANTS.—Each eligible partnership receiving a grant under section 203 or 204 shall provide, from non-Federal sources (in cash or in kind), an amount equal to 25 percent of the grant for the first year of the grant, 35 percent of the grant for the second year of the grant, and 50 percent of the grant for each succeeding year of the grant.

(d) LIMITATION ON ADMINISTRATIVE EXPENSES.—An eligible State or eligible partnership that receives a grant under this part may not use more than 2 percent of the grant funds for purposes of administering the grant.

SEC. 206. ACCOUNTABILITY AND EVALUATION.

(a) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under section 202 shall submit an annual accountability report to the Secretary and the authorizing committees. Such report shall include a description of the degree to which the eligible State, in using funds provided under such section, has made substantial progress in meeting the following goals:

(1) PERCENTAGE OF HIGHLY QUALIFIED TEACHERS.—Increasing the percentage of highly qualified teachers in the State as required by section 1119 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6319) and section 602 of the Individuals with Disabilities Act (20 U.S.C. 1401).

(2) STUDENT ACADEMIC ACHIEVEMENT.—Increasing student academic achievement for all students, which may be measured through the use of value-added assessments, as defined by the eligible State.

(3) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession as a highly qualified teacher.

(4) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the pass rate for initial State teacher certification or licensure, or increasing the numbers of qualified individuals being certified or licensed as teachers through alternative routes to certification and licensure.

(5) DECREASING TEACHER SHORTAGES.—Decreasing shortages of highly qualified teachers in poor urban and rural areas.

(6) INCREASING OPPORTUNITIES FOR RESEARCH-BASED PROFESSIONAL DEVELOPMENT.—Increasing opportunities for enhanced and ongoing professional development that—

(A) improves the academic content knowledge of teachers in the subject areas in which the teachers are certified or

licensed to teach or in which the teachers are working toward certification or licensure to teach; and

(B) promotes strong teaching skills.

(7) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared effectively to integrate technology into curricula and instruction and who use technology to collect, manage, and analyze data to improve teaching, learning, decisionmaking, and parental involvement for the purpose of increasing student academic achievement.

(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each eligible partnership applying for a grant under section 203 shall establish, and include in the application submitted under section 203(c), an evaluation plan that includes strong performance objectives. The plan shall include objectives and measures for—

(1) increased student achievement for all students, as measured by the partnership;

(2) increased teacher retention in the first 3 years of a teacher's career;

(3) increased success in the pass rate for initial State certification or licensure of teachers;

(4) increased percentage of highly qualified teachers; and

(5) increasing the number of teachers trained effectively to integrate technology into curricula and instruction and who use technology to collect, manage, and analyze data to improve teaching, learning, and decisionmaking for the purpose of improving student academic achievement.

(c) REVOCATION OF GRANT.—

(1) REPORT.—Each eligible State or eligible partnership receiving a grant under section 202 or 203 shall report annually on the progress of the eligible State or eligible partnership toward meeting the purposes of this part and the goals, objectives, and measures described in subsections (a) and (b).

(2) REVOCATION.—

(A) ELIGIBLE STATES AND ELIGIBLE APPLICANTS.—If the Secretary determines that an eligible State or eligible applicant is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the second year of a grant under this part, then the grant payment shall not be made for the third year of the grant.

(B) ELIGIBLE PARTNERSHIPS.—If the Secretary determines that an eligible partnership is not making substantial progress in meeting the purposes, goals, objectives, and measures, as appropriate, by the end of the third year of a grant under this part, then the grant payments shall not be made for any succeeding year of the grant.

(d) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this part and report annually the Secretary's findings regarding the activities to the authorizing committees. The Secretary shall broadly disseminate successful practices developed by eligible States and eligible partnerships under this part, and shall broadly disseminate information regarding such practices that were found to be ineffective.

SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

(a) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—Each State that receives funds under this Act shall provide to the Secretary annually, in a uniform and comprehensible manner that conforms with the definitions and methods established by the Secretary, a State report card on the quality of teacher preparation in the State, both for traditional certification or licensure programs and for alternative certification or licensure programs, which shall include at least the following:

(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by the State.

(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher certification or licensure and to be certified or licensed to teach particular subjects or in particular grades within the State.

(3) A description of the extent to which the assessments and requirements described in paragraph (1) are aligned with the State's standards and assessments for students.

(4) The percentage of students who have completed at least 50 percent of the requirements for a teacher preparation program at an institution of higher education or alternative certification program and who have taken and passed each of the assessments used by the State for teacher certification and licensure, and the passing score on each assessment that determines whether a candidate has passed that assessment.

(5) For students who have completed at least 50 percent of the requirements for a teacher preparation program at an institution of higher education or alternative certification program, and who have taken and passed each of the assessments used by the State for teacher certification and licensure, each such institution's and each such program's average raw score, ranked by teacher preparation program, which shall be made available widely and publicly.

(6) A description of each State's alternative routes to teacher certification, if any, and the number and percentage of teachers certified through each alternative certification route who pass State teacher certification or licensure assessments.

(7) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs in the State, including indicators of teacher candidate skills, academic content knowledge, and evidence of gains in student academic achievement.

(8) For each teacher preparation program in the State, the number of students in the program, the number of minority students in the program, the average number of hours of supervised practice teaching required for those in the program, and the number of full-time equivalent faculty and students in supervised practice teaching.

(b) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—

(1) REPORT CARD.—The Secretary shall provide to Congress, and publish and make widely available, a report card on teacher qualifications and preparation in the United States, includ-

ing all the information reported in paragraphs (1) through (8) of subsection (a). Such report shall identify which eligible States received a grant under this part, and the States in which eligible partnerships receiving grants are located. Such report shall be published and made available annually.

(2) REPORT TO CONGRESS.—The Secretary shall report to Congress—

(A) a comparison of States' efforts to improve teaching quality; and

(B) regarding the national mean and median scores on any standardized test that is used in more than one State for teacher certification or licensure.

(3) SPECIAL RULE.—In the case of programs with fewer than 10 students who have completed at least 50 percent of the requirements for a teacher preparation program taking any single initial teacher certification or licensure assessment during an academic year, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

(c) COORDINATION.—The Secretary, to the extent practicable, shall coordinate the information collected and published under this part among States for individuals who took State teacher certification or licensure assessments in a State other than the State in which the individual received the individual's most recent degree.

(d) INSTITUTION AND PROGRAM REPORT CARDS ON QUALITY OF TEACHER PREPARATION.—

(1) REPORT CARD.—Each institution of higher education or alternative certification program that conducts a teacher preparation program that enrolls students receiving Federal assistance under this Act shall report annually to the State and the general public, in a uniform and comprehensible manner that conforms with the definitions and methods established by the Secretary, both for traditional certification or licensure programs and for alternative certification or licensure programs, the following information:

(A) PASS RATE.—(i) For the most recent year for which the information is available, the pass rate of each student who has completed at least 50 percent of the requirements for the teacher preparation program on the teacher certification or licensure assessments of the State in which the institution is located, but only for those students who took those assessments within 3 years of receiving a degree from the institution or completing the program.

(ii) A comparison of the institution or program's pass rate for students who have completed at least 50 percent of the requirements for the teacher preparation program with the average pass rate for institutions and programs in the State.

(iii) A comparison of the institution or program's average raw score for students who have completed at least 50 percent of the requirements for the teacher preparation program with the average raw scores for institutions and programs in the State.

(iv) In the case of programs with fewer than 10 students who have completed at least 50 percent of the requirements

for a teacher preparation program taking any single initial teacher certification or licensure assessment during an academic year, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over a 3-year period.

(B) PROGRAM INFORMATION.—The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the number of full-time equivalent faculty and students in supervised practice teaching.

(C) STATEMENT.—In States that require approval or accreditation of teacher education programs, a statement of whether the institution's program is so approved or accredited, and by whom.

(D) DESIGNATION AS LOW-PERFORMING.—Whether the program has been designated as low-performing by the State under section 208(a).

(2) REQUIREMENT.—The information described in paragraph (1) shall be reported through publications such as school catalogs and promotional materials sent to potential applicants, secondary school guidance counselors, and prospective employers of the institution's program graduates, including materials sent by electronic means.

(3) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on an institution of higher education for failure to provide the information described in this subsection in a timely or accurate manner.

(e) DATA QUALITY.—Either—

(1) the Governor of the State; or

(2) in the case of a State for which the constitution or law of such State designates another individual, entity, or agency in the State to be responsible for teacher certification and preparation activity, such individual, entity, or agency;

shall attest annually, in writing, as to the reliability, validity, integrity, and accuracy of the data submitted pursuant to this section.

SEC. 208. STATE FUNCTIONS.

(a) STATE ASSESSMENT.—In order to receive funds under this Act, a State shall have in place a procedure to identify and assist, through the provision of technical assistance, low-performing programs of teacher preparation within institutions of higher education. Such State shall provide the Secretary an annual list of such low-performing institutions that includes an identification of those institutions at risk of being placed on such list. Such levels of performance shall be determined solely by the State and may include criteria based upon information collected pursuant to this part. Such assessment shall be described in the report under section 207(a). A State receiving Federal funds under this title shall develop plans to close or reconstitute underperforming programs of teacher preparation within institutions of higher education.

(b) TERMINATION OF ELIGIBILITY.—Any institution of higher education that offers a program of teacher preparation in which the State has withdrawn the State's approval or terminated the State's financial support due to the low performance of the institution's

teacher preparation program based upon the State assessment described in subsection (a)—

(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

(2) shall not be permitted to accept or enroll any student who receives aid under title IV of this Act in the institution's teacher preparation program.

SEC. 209. GENERAL PROVISIONS.

(a) METHODS.—In complying with sections 207 and 208, the Secretary shall ensure that States and institutions of higher education use fair and equitable methods in reporting and that the reporting methods do not allow identification of individuals.

(b) SPECIAL RULE.—For each State in which there are no State certification or licensure assessments, or for States that do not set minimum performance levels on those assessments—

(1) the Secretary shall, to the extent practicable, collect data comparable to the data required under this part from States, local educational agencies, institutions of higher education, or other entities that administer such assessments to teachers or prospective teachers; and

(2) notwithstanding any other provision of this part, the Secretary shall use such data to carry out requirements of this part related to assessments or pass rates.

(c) LIMITATIONS.—

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

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

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

SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years, of which—

(1) 45 percent shall be available for each fiscal year to award grants under section 202;

(2) 45 percent shall be available for each fiscal year to award grants under section 203; and

(3) 10 percent shall be available for each fiscal year to award grants under section 204.

PART B—PREPARING TOMORROW'S TEACHERS TO USE TECHNOLOGY

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SEC. 222. ELIGIBILITY.

(a) ELIGIBLE APPLICANTS.—In order to receive a grant or enter into a contract or cooperative agreement under this part, an applicant shall be a consortium that includes the following:

(1) * * *

* * * * * * *

(3) One or more of the following entities:

(A) * * *

* * * * * * *

(D) A professional association, foundation, museum, library, for-profit business, public or private nonprofit organization, community-based organization, *nonprofit telecommunications entity,* or other entity, with the capacity to contribute to the technology-related reform of teacher preparation programs.

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SEC. 223. USE OF FUNDS.

(a) * * *

(b) PERMISSIBLE USES.—The consortium may use funds made available under this part for a project, described in the application submitted by the consortium under this part, that carries out the purpose of this part, such as the following:

(1) Developing and implementing high-quality teacher preparation programs that enable educators—

(A) * * *

* * * * * * *

[(E) to use technology to collect, manage, and analyze data to improve teaching and decisionmaking.]

(E) to use technology to collect, manage, and analyze data to improve teaching, learning, and decisionmaking for the purpose of increasing student academic achievement.

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SEC. 224. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part such sums as may be necessary for [each of fiscal years 2002 and 2003.] *fiscal year 2006 and each of the 5 succeeding fiscal years.*

PART C—CENTERS OF EXCELLENCE

SEC. 231. PURPOSES; DEFINITIONS.

(a) PURPOSES.—The purposes of this part are—

(1) to help recruit and prepare teachers, including minority teachers, to meet the national demand for a highly qualified teacher in every classroom; and

(2) to increase opportunities for Americans of all educational, ethnic, class, and geographic backgrounds to become highly qualified teachers.

(b) DEFINITIONS.—As used in this part:

(1) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

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

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

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

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

(iv) an Alaska Native-serving institution (as defined in section 317(b)); or

(v) a Native Hawaiian-serving institution (as defined in section 317(b));

(B) a consortium of institutions described in subparagraph (A); or

(C) an institution described in subparagraph (A), or a consortium described in subparagraph (B), in partnership with any other institution of higher education, but only if the center of excellence established under section 232 is located at an institution described in subparagraph (A).

(2) HIGHLY QUALIFIED.—The term "highly qualified" when used with respect to an individual means that the individual is highly qualified as determined under section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801) or section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(3) SCIENTIFICALLY BASED READING RESEARCH.—The term "scientifically based reading research" has the meaning given such term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

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

SEC. 232. CENTERS OF EXCELLENCE.

(a) PROGRAM AUTHORIZED.—From the amounts appropriated to carry out this part, the Secretary is authorized to award competitive grants to eligible institutions to establish centers of excellence.

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

(1) Implementing reforms within teacher preparation programs to ensure that such programs are preparing teachers who are highly qualified, are able to understand scientifically based research, and are able to use advanced technology effectively in the classroom, including use for instructional techniques to improve student academic achievement, by—

(A) retraining faculty; and

(B) designing (or redesigning) teacher preparation programs that—

(i) prepare teachers to close student achievement gaps, are based on rigorous academic content, scientifically based research (including scientifically based reading research), and challenging State student academic content standards; and

(ii) promote strong teaching skills.

(2) Providing sustained and high-quality preservice clinical experience, including the mentoring of prospective teachers by exemplary teachers, substantially increasing interaction between faculty at institutions of higher education and new and experienced teachers, principals, and other administrators at elementary schools or secondary schools, and providing support, including preparation time, for such interaction.

(3) Developing and implementing initiatives to promote retention of highly qualified teachers and principals, including minority teachers and principals, including programs that provide—

(A) teacher or principal mentoring from exemplary teachers or principals; or

(B) induction and support for teachers and principals during their first 3 years of employment as teachers or principals, respectively.

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

(5) Disseminating information on effective practices for teacher preparation and successful teacher certification and licensure assessment preparation strategies.

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

(c) APPLICATION.—Any eligible institution desiring a grant under this section shall submit an application to the Secretary at such a time, in such a manner, and accompanied by such information the Secretary may require.

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

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

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

SEC. 233. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

PART D—TEACHER INCENTIVE FUND PROGRAM

SEC. 241. PURPOSE; DEFINITIONS.

(a) PURPOSE.—The purpose of this part is to assist States, local educational agencies, and non-profit or for-profit organizations to develop and implement, or expand, innovative compensation systems

to provide financial rewards for teachers and principals who raise student academic achievement and close the achievement gap, especially in the highest-need local educational agencies.

(b) DEFINITIONS.—For purposes of this part:

(1) ELIGIBLE ENTITY.—The term "eligible entity" means—

(A) a local educational agency, including a charter school that is a local educational agency;

(B) a State educational agency, or other State agency designated by the chief executive of the State; or

(C) a partnership of—

(i) one or more agencies described in subparagraph (A) or (B), or both; and

(ii) at least one non-profit or for-profit organization.

(2) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term "high-need local educational agency" has the meaning given that term in section 201.

SEC. 242. TEACHER INCENTIVE FUND GRANTS.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—From the amounts appropriated to carry out this part, the Secretary is authorized to award competitive grants of up to 5 years in length to eligible entities to develop and implement, or expand, a comprehensive performance-based compensation system for teachers and principals for one or more local educational agencies.

(2) COMPREHENSIVE PERFORMANCE-BASED COMPENSATION SYSTEMS.—A comprehensive performance-based compensation system developed and implemented, or expanded with funds under this part—

(A) shall differentiate levels of compensation primarily on the basis of increases in student academic achievement; and

(B) may—

(i) differentiate levels of compensation on the basis of high-quality teachers' and principals' employment and success in hard-to-staff schools or high-need subject areas; and

(ii) recognize teachers' and principals' skills and knowledge as demonstrated through—

(I) successful fulfillment of additional responsibilities or job functions; and

(II) evidence of high achievement and mastery of content knowledge and teaching skills.

(b) USE OF FUNDS.—A grantee shall use grant funds provided under this part only to design and implement, or expand, in collaboration with teachers, principals, other school administrators, and members of the public, a compensation system consistent with the requirements of this part. Authorized activities under this part may include the following:

(1) Developing appraisal systems that reflect clear and fair measures of student academic achievement.

(2) Conducting outreach within the local educational agency (or agencies) or the State to gain input on how to construct the appraisal system and to develop support for it.

(3) Paying, as part of a comprehensive performance-based compensation system, bonuses and increased salaries to teach-

ers and principals who raise student academic achievement, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

(4) Paying, as part of a comprehensive performance-based compensation system, additional bonuses to teachers who both raise student academic achievement and either teach in high-poverty schools or teach subjects that are difficult to staff, or both, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

(5) Paying, as part of a comprehensive performance-based compensation system, additional bonuses to principals who both raise student academic achievement and serve in high-poverty schools, so long as the grantee uses an increasing share of non-Federal funds to pay these monetary rewards each year of the grant.

(c) APPLICATIONS.—To be eligible to receive a grant under this part, an eligible entity shall submit an application that includes—

(1) a description of the local educational agency or local educational agencies to be served by the project, including such demographic information as the Secretary may request;

(2) information on student academic achievement and the quality of the teachers and principals in the local educational agency or agencies to be served by the project;

(3) a description of the performance-based teacher and principal compensation system that the applicant proposes to develop and implement or expand;

(4) a description of how the applicant will use grant funds under this part in each year of the grant;

(5) an explanation of how the applicant will meet the requirement in subsection (b)(3) and how the grantee will continue its performance-based compensation system after the grant ends;

(6) a description of the support and commitment from teachers, the community or local educational agency or agencies for the development and implementation, or expansion, of a performance-based teacher and principal compensation system;

(7) a description of how teacher, principal and student performance will be measured and the baseline measurement units; and

(8) a description, if applicable, of how the applicant will define the term "high-quality" for the purposes of subsection (a)(2)(B)(i), through the use of measurable indicators, such as effectiveness in raising student academic achievement, or demonstrated mastery of subject matter knowledge.

(d) PRIORITY.—The Secretary shall give priority to applications for projects that would establish comprehensive performance-based compensation systems in high-need local educational agencies.

SEC. 243. EVALUATIONS.

The Secretary shall conduct an independent evaluation of the program under this part and may use up to 1 percent of the funds made available under this part or $1,000,000, whichever is less, for any fiscal year for the cost of the evaluation.

SEC. 244. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $100,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

TITLE III—INSTITUTIONAL AID

* * * * * * *

PART A—STRENGTHENING INSTITUTIONS

SEC. 311. PROGRAM PURPOSE.

(a) * * *

* * * * * * *

(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for 1 or more of the following activities:

(1) * * *

* * * * * * *

(7) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.

[(7)**]** *(8)* Funds management, administrative management, and acquisition of equipment for use in strengthening funds management.

[(8)**]** *(9)* Joint use of facilities, such as laboratories and libraries.

[(9)**]** *(10)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

[(10)**]** *(11)* Establishing or improving an endowment fund.

[(11)**]** *(12)* Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

[(12)**]** *(13)* Other activities proposed in the application submitted pursuant to subsection (c) that—

(A) * * *

* * * * * * *

SEC. 312. DEFINITIONS; ELIGIBILITY.

(a) * * *

(b) ELIGIBLE INSTITUTION.—For the purpose of this part, the term "eligible institution" means—

(1) an institution of higher education—

(A) which has an enrollment of needy students as required by subsection **[**(c)**]** *(d)* of this section;

* * * * * * *

(E) which provides a program that is not less than a 2-year educational program that is acceptable for full credit toward a bachelor's degree;

[(E)**]** *(F)* which meets such other requirements as the Secretary may prescribe; and

[(F)**]** *(G) which is* located in a State; and

* * * * * * *

SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

(a) * * *

[(b) DEFINITIONS.—In this section:

[(1) INDIAN.—The term "Indian" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

[(2) INDIAN TRIBE.—The term "Indian tribe" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

[(3) TRIBAL COLLEGE OR UNIVERSITY.—The term "Tribal College or University" has the meaning give the term "tribally controlled college or university" in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

[(4) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means an institution of higher education as defined in section 101(a), except that paragraph (2) of such section shall not apply.]

(b) DEFINITIONS.—

(1) ELIGIBLE INSTITUTIONS.—For purposes of this section, Tribal Colleges and Universities are the following:

(A) any of the following institutions that qualify for funding under the Tribally Controlled College or University Assistance Act of 1978 or is listed in Equity in Educational Land Grant Status Act of 1994 (7 U.S.C. 301 note): Bay Mills Community College; Blackfeet Community College; Cankdeska Cikana Community College; Chief Dull Knife College; College of Menominee Nation; Crownpoint Institute of Technology; Diné College; D–Q University; Fond du Lac Tribal and Community College; Fort Belknap College; Fort Berthold Community College; Fort Peck Community College; Haskell Indian Nations University; Institute of American Indian and Alaska Native Culture and Arts Development; Lac Courte Oreilles Ojibwa Community College; Leech Lake Tribal College; Little Big Horn College; Little Priest Tribal College; Nebraska Indian Community College; Northwest Indian College; Oglala Lakota College; Saginaw Chippewa Tribal College; Salish Kootenai College; Si Tanka University—Eagle Butte Campus; Sinte Gleska University; Sisseton Wahpeton Community College; Sitting Bull College; Southwestern Indian Polytechnic Institute; Stone Child College; Tohono O'Odham Community College; Turtle Mountain Community College; United Tribes Technical College; and White Earth Tribal and Community College; and

(B) any other institution that meets the definition of tribally controlled college or university in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and meets all other requirements of this section.

(2) INDIAN.—The term "Indian" has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

(c) AUTHORIZED ACTIVITIES.—

(1) * * *

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

(A) * * *

[(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;]

(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;

(C) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction*, or advanced degrees in tribal governance or tribal public policy*;

(D) academic instruction in disciplines in which Indians are underrepresented*, in tribal governance, or tribal public policy*;

* * * * * * *

(G) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(G)] *(H)* funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

[(H)] *(I)* joint use of facilities, such as laboratories and libraries;

[(I)] *(J)* establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

[(J)] *(K)* establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

[(K)] *(L)* establishing community outreach programs that encourage Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education; [and]

(M) developing or improving facilities for Internet use or other distance learning academic instruction capabilities; and

[(L)] *(N)* other activities proposed in the application submitted pursuant to subsection (d) that—

(i) contribute to carrying out the activities described in subparagraphs (A) through [(K)] *(M)*; and

* * * * * * *

[(d) APPLICATION PROCESS.—

[(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an eligible institution under section 312(b).

[(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. The Secretary shall, to the extent possible, prescribe a simplified and streamlined format for such applications that takes into account the limited number of institutions that are eligible for assistance under this section. Each such application shall include—

[(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

[(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with paragraph (1).

[(3) SPECIAL RULES.—

[(A) ELIGIBILITY.—No Tribal College or University that receives funds under this section shall concurrently receive funds under other provisions of this part or part B.

[(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.

[(C) DISTRIBUTION.—In awarding grants under this section, the Secretary shall, to the extent possible and consistent with the competitive process under which such grants are awarded, ensure maximum and equitable distribution among all eligible institutions.]

(d) APPLICATION AND ALLOTMENT.—

(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an eligible institution under section 312(b).

(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may reasonably require.

(3) ALLOTMENTS TO INSTITUTIONS.—

(A) ALLOTMENT: PELL GRANT BASIS.—From the amount appropriated to carry out this section for any fiscal year, the Secretary shall allot to each eligible institution a sum which bears the same ratio to one-half that amount as the number of Pell Grant recipients in attendance at such institution at the end of the award year preceding the beginning of that fiscal year bears to the total number of Pell Grant recipients at all eligible institutions.

(B) ALLOTMENT: DEGREE AND CERTIFICATE BASIS.—From the amount appropriated to carry out this section for any fiscal year, the Secretary shall allot to each eligible institution a sum which bears the same ratio to one-half that amount as the number of degrees or certificates awarded by such institution during the preceding academic year bears

to the total number of degrees or certificates at all eligible institutions.

(C) MINIMUM GRANT.—Notwithstanding subparagraphs (A) and (B), the amount allotted to each institution under this section shall not be less than $400,000.

(4) SPECIAL RULES.—

(A) CONCURRENT FUNDING.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section shall concurrently receive funds under other provisions of this part or part B.

(B) EXEMPTION.—Section 313(d) shall not apply to institutions that are eligible to receive funds under this section.

SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

(a) * * *

* * * * * * *

(c) AUTHORIZED ACTIVITIES.—

(1) * * *

(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

(A) * * *

[(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;**]**

(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;

(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction*, or advanced degrees in tribal governance or tribal public policy*;

(D) curriculum development and academic instruction*, in tribal governance, or tribal public policy*;

* * * * * * *

(G) joint use of facilities such as laboratories and libraries; **[**and**]**

(H) academic tutoring and counseling programs and student support services**[**.**]***;*

(I) development or improvement of facilities for Internet use or other distance learning academic instruction capabilities; and

(J) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.

(3) ENDOWMENT FUNDS.—

(A) IN GENERAL.—An Alaska Native or Native Hawaiian-serving institution may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the institution shall provide to the endowment fund from non-

Federal funds an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

(C) APPLICABILITY OF OTHER PROVISIONS.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

(d) APPLICATION PROCESS.—

(1) * * *

(2) APPLICATIONS.—Any institution which is determined by the Secretary to be an Alaska Native-serving institution or a Native Hawaiian-serving institution may submit an application for assistance under this section to the Secretary. The Secretary shall, to the extent possible, prescribe a simplified and streamlined format for such applications that takes into account the limited number of institutions that are eligible for assistance under this section. [Such application shall include—

[(A) a 5-year plan for improving the assistance provided by the Alaska Native-serving institution or the Native Hawaiian-serving institution to Alaska Native or Native Hawaiian students; and

[(B) such other information and assurance as the Secretary may require.]

* * * * * * *

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

* * * * * * *

SEC. 323. GRANTS TO INSTITUTIONS.

(a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available under [section 360(a)(2)] *section 399(a)(2)* in any fiscal year the Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

(1) * * *

[(2) Construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services.]

(2) Construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including development or improvement of facilities for Internet use or other distance learning academic instruction capabilities and purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities.

* * * * * * *

(7) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.

[(7)] *(8)* Funds and administrative management, and acquisition of equipment for use in strengthening funds management.

[(8)] *(9)* Joint use of facilities, such as laboratories and libraries.

[(9)] *(10)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

[(10)] *(11)* Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary school in the State that shall include, as part of such program, preparation for teacher certification.

[(11) Establishing community outreach programs which will encourage elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education.]

(12) Establishing community outreach programs and collaborative partnerships between part B institutions and local elementary or secondary schools. Such partnerships may include mentoring, tutoring, or other instructional opportunities that will boost student academic achievement and assist elementary and secondary school students in developing the academic skills and the interest to pursue postsecondary education.

[(12)] *(13)* Other activities proposed in the application submitted pursuant to section 325 that—

(A) * * *

* * * * * * *

(c) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—An institution may not use more than 2 percent of the grant funds provided under this part to secure technical assistance services.

(2) TECHNICAL ASSISTANCE SERVICES.—Technical assistance services may include assistance with enrollment management, financial management, and strategic planning.

(3) REPORT.—The institution shall report to the Secretary on an annual basis, in such form as the Secretary requires, on the use of funds under this subsection.

[(c)] *(d)* LIMITATIONS.—(1) * * *

* * * * * * *

SEC. 324. ALLOTMENTS TO INSTITUTIONS.

(a) * * *

* * * * * * *

(d) MINIMUM ALLOTMENT.—(1) Notwithstanding subsections (a), (b), and (c), the amount allotted to each part B institution under this section shall not be less than $500,000*, except that, if the amount appropriated to carry out this part for any fiscal year exceeds the amount required to provide to each institution an amount equal to the total amount received by such institution under subsections (a), (b), and (c) for the preceding fiscal year, then the amount of such excess appropriation shall first be applied to increase the minimum allotment under this subsection to $750,000*.

(2) If the amount appropriated pursuant to [section 360(a)(2)(A)] *section 399(a)(2)(A)* for any fiscal year is not sufficient to pay the

minimum allotment required by paragraph (1) of this subsection to all part B institutions, the amount of such minimum allotments shall be ratably reduced. If additional sums become available for such fiscal year, such reduced allocation shall be increased on the same basis as they were reduced (until the amount allotted equals the minimum allotment required by paragraph (1)).

* * * * * * *

SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.

(a) GENERAL AUTHORIZATION.—(1) Subject to the availability of funds appropriated to carry out this section, the Secretary shall award program grants to each of the postgraduate institutions listed in subsection (e) that *(A)* is determined by the Secretary to be making a substantial contribution to the legal, medical, dental, veterinary, or other graduate education opportunities in mathematics, engineering, or the physical or natural sciences for Black Americans*, (B) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered, and (C) according to such an agency or association, is in good standing*.

* * * * * * *

(c) USES OF FUNDS.—A grant under this section may be used for—

(1) * * *

[(2) construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;**]**

(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities;

* * * * * * *

(e) ELIGIBILITY.—

(1) IN GENERAL.—Independent professional or graduate institutions and programs eligible for grants under subsection (a) are the following*:*

(A) * * *

* * * * * * *

(Q) Norfolk State University qualified graduate programs; **[**and**]**

(R) Tennessee State University qualified graduate programs**[**.**]***;*

(S) Alabama State University qualified graduate program;

(T) Prairie View A & M University qualified graduate program;

(U) Coppin State University qualified graduate program; and

(V) Delaware State University qualified graduate program.

* * * * * * *

(3) SPECIAL RULE.—Institutions that were awarded grants under this section prior to October 1, [1998] *2005*, shall continue to receive such grants, subject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs [(Q) and (R)] *(S), (T), (U), and (V)* of paragraph (1).

* * * * * * *

(f) FUNDING RULE.—Subject to subsection (g), of the amount appropriated to carry out this section for any fiscal year—

(1) the first [$26,600,000] *$54,500,000* (or any lesser amount appropriated) shall be available only for the purposes of making grants to institutions or programs described in subparagraphs (A) through [(P)] *(R)* of subsection (e)(1);

(2) any amount in excess of [$26,600,000, but not in excess of $28,600,000] *$54,500,000, but not in excess of $58,500,000*, shall be available for the purpose of making grants to institutions or programs described in [subparagraphs (Q) and (R)] *subparagraphs (S), (T), (U), and (V)* of subsection (e)(1); and

(3) any amount in excess of [$28,600,000] *$58,500,000*, shall be made available to each of the institutions or programs identified in subparagraphs (A) through [(R)] *(V)* pursuant to a formula developed by the Secretary that uses the following elements:

(A) * * *

* * * * * * *

(g) HOLD HARMLESS RULE.—Notwithstanding paragraphs (2) and (3) of subsection (f), no institution or qualified program identified in subsection (e)(1) that received a grant for fiscal year [1998] *2005* and that is eligible to receive a grant in a subsequent fiscal year shall receive a grant amount in any such subsequent fiscal year that is less than the grant amount received for fiscal year [1998] *2005*, unless the amount appropriated is not sufficient to provide such grant amounts to all such institutions and programs, or the institution cannot provide sufficient matching funds to meet the requirements of this section.

SEC. 327. REPORTING AND AUDIT REQUIREMENTS.

(a) * * *

(b) REPAYMENT OF UNEXPENDED FUNDS.—Any funds paid to an institution and not expended or used for the purposes for which the funds were paid within 10 years following the date of the [initial] grant awarded to an institution under part B of this title shall be repaid to the Treasury of the United States.

* * * * * * *

PART D—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

* * * * * * *

SEC. 342. DEFINITIONS.

For the purposes of this part:

(1) * * *

* * * * * * *

(5) The term "capital project" means, subject to section 344(b) the repair, renovation, or, in exceptional circumstances, the construction or acquisition, of—

(A) * * *

* * * * * * *

(C) instructional equipment [technology,,], *techology,* research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

* * * * * * *

SEC. 343. FEDERAL INSURANCE FOR BONDS.

(a) * * *

* * * * * * *

(e) *SALE OF QUALIFIED BONDS.*—Notwithstanding any other provision of law, a qualified bond guaranteed under this part may be sold to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.

* * * * * * *

PART E—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM

SUBPART 1—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM

* * * * * * *

SEC. 351. PURPOSE; AUTHORITY.

(a) It is the purpose of this subpart to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department by section 304(a)(1) of the Department of Education Organization Act [of 1979].

* * * * * * *

[SEC. 1024. MULTIAGENCY STUDY OF MINORITY SCIENCE PROGRAMS.

[The Secretary, in cooperation with the heads of other departments and agencies that operate programs similar in purposes to the Minority Science Improvement Program which seek to increase minority participation and representation in scientific fields, shall submit a report to the President and Congress summarizing and evaluating such programs by January 1, 1996.]

* * * * * * *

PART F—GENERAL PROVISIONS

SEC. 391. APPLICATIONS FOR ASSISTANCE.

(a) * * *

(b) CONTENTS.—An institution, in its application for a grant, shall—

(1) * * *

* * * * * * *

(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) * * *

* * * * * * *

(E) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in [subparagraph (E)] *subparagraph (D)*; and

* * * * * * *

SEC. 396. LIMITATIONS.

The funds appropriated under [section 360] *section 399* may not be used—

(1) * * *

* * * * * * *

SEC. 399. AUTHORIZATIONS OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—

(1) PART A.—(A) There are authorized to be appropriated to carry out part A, $135,000,000 (other than section 316) for fiscal year [1999] *2006*, and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 316, [$10,000,000] *$23,800,000* for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(C) There are authorized to be appropriated to carry out section 317, [$5,000,000] *$11,900,000* for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), [$135,000,000] *$241,000,000* for fiscal year [1999] *2006*, and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 326, [$35,000,000] *$59,000,000* for fiscal year [1999] *2006*, and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

* * * * * * *

(4) PART D.—(A) There are authorized to be appropriated to carry out part D (other than section 345(7), but including section 347), [$110,000] *$212,000* for fiscal year [1999] *2006*, and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 345(7), such sums as may be necessary for fiscal year [1999] *2006* and each of the [4] *5* succeeding fiscal years.

* * * * * * *

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

SEC. 400. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.

(a) * * *

(b) SECRETARY REQUIRED TO CARRY OUT PURPOSES.—The Secretary shall, in accordance with subparts 1 [through 8] *through 7*, carry out programs to achieve the purposes of this part.

Subpart 1—Federal Pell Grants

SEC. 401. FEDERAL PELL GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.

(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) For each fiscal year through fiscal year [2004] *2012*, the Secretary shall pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a Federal Pell Grant in the amount for which that student is eligible, as determined pursuant to subsection (b). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner,, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

[(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).]

[(3)] *(2)* Grants made under this subpart shall be known as "Federal Pell Grants".

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) * * *

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

[(i) $4,500 for academic year 1999–2000;

[(ii) $4,800 for academic year 2000–2001;

[(iii) $5,100 for academic year 2001–2002;

[(iv) $5,400 for academic year 2002–2003; and

[(v) $5,800 for academic year 2003–2004,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.]

(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be $6,000 for academic years 2006–2007 through 2012–2013, less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

* * * * * * *

[(3)(A) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,700, the amount of a student's basic grant shall equal $2,700 plus—

[(i) one-half of the amount by which such maximum basic grant exceeds $2,700; plus

[(ii) the lesser of—

[(I) the remaining one-half of such excess; or

[(II) the sum of the student's tuition and, if the student has dependent care expenses (as described in section 472(8)) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.

[(B) An institution that charged only fees in lieu of tuition as of October 1, 1998, may include in the institution's determination of tuition charged, fees that would normally constitute tuition.]

[(4)] *(3)* No Federal Pell Grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a Federal Pell Grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the Federal Pell Grant shall be reduced until the combination of expected family contribution and the amount of the Federal Pell Grant does not exceed the cost of attendance at such institution.

[(5)] *(4)* No Federal Pell Grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than $400, except that a student who is eligible for a Federal Pell Grant that is equal to or greater than $200 but less than $400 shall be awarded a Federal Pell Grant of $400.

[(6)(A) The Secretary may allow, on a case-by-case basis, a student to receive 2 Pell grants during a single award year, if—

[(i) the student is enrolled full-time in an associate or baccalaureate degree program of study that is 2 years or longer at an eligible institution that is computed in credit hours; and

[(ii) the student completes course work toward completion of an associate or baccalaureate degree that exceeds the requirements for a full academic year as defined by the institution.

[(B) The Secretary shall promulgate regulations implementing this paragraph.]

(5) YEAR-ROUND PELL GRANTS.—

(A) IN GENERAL.—The Secretary shall, for students enrolled full time in a baccalaureate or associate's degree program of study at an eligible institution, award such students two Pell grants during a single award year to permit such students to accelerate progress toward their degree objectives by enrolling in academic programs for 12 months rather than 9 months.

(B) LIMITATION.—The Secretary shall limit the awarding of additional Pell grants under this paragraph in a single award year to students attending—

(i) baccalaureate degree granting institutions that have a graduation rate as reported by the Integrated

Postsecondary Education Data System for the 4 preceding academic years of at least 30 percent; or

(ii) two-year institutions that have a graduation rate as reported by the Integrated Postsecondary Education Data Systems, in at least one of the last 3 years for which data is available, that is above the average for the applicable year for the institution's type and control.

(C) EVALUATION.—The Secretary shall conduct an evaluation of the program under this paragraph and submit to the Congress an evaluation report no later than October 1, 2011.

(D) REGULATIONS REQUIRED.—The Secretary shall promulgate regulations implementing this paragraph.

[(7)**]** *(6)* Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the Federal Pell Grant to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such Federal Pell Grant in any fiscal year shall not exceed the grant level specified in the appropriate Appropriation Act for this subpart for such year. If the preceding sentence applies, the financial aid administrator at the home institution may use the cost of the study abroad program, rather than the home institution's cost, to determine the cost of attendance of the student.

[(8)**]** *(7)* No Federal Pell Grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution *or who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined under regulations of the Secretary)*.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) **[**The period**]** *Subject to paragraph (5), the period* during which a student may receive Federal Pell Grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph**[**.**]** *but shall be subject to the limitation described in paragraph (5).*

(2) Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution*, for not more than one academic year,* to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.

* * * * * * *

(5) The period during which a student may receive Federal Pell Grants shall not exceed the equivalent of 18 semesters or 27 quarters in duration (as determined by the Secretary by regulation),

without regard to whether the student is enrolled on a full-time basis during any portion of that period, and including any period of time for which the student received Federal Pell Grants prior to the date of enactment of the College Access and Opportunity Act of 2005.

* * * * * * *

(f) CALCULATION OF ELIGIBILITY.—(1) * * *

* * * * * * *

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the expected family contribution, and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, to the [Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Education and the Workforce of the House of Representatives] *Committees on Appropriations of the Senate and House of Representatives and the authorizing committees*.

* * * * * * *

SEC. 401A. PELL GRANTS PLUS: ACHIEVEMENT GRANTS FOR STATE SCHOLARS.

(a) GRANTS AUTHORIZED.—From sums appropriated to carry out section 401, the Secretary shall establish a program to award Pell Grants Plus to students who—

(1) have successfully completed a rigorous high school program of study established by a State or local educational agency in consultation with a State coalition assisted by the Center for State Scholars;

(2) are enrolled full-time in the first academic year of undergraduate education, and have not been previously enrolled in a program of undergraduate education; and

(3) are eligible to receive Federal Pell Grants for the year in which the grant is awarded.

(b) AMOUNT OF GRANTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the grant awarded under this section shall be $1,000.

(2) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—A grant awarded under this section to any student, in combination with the Federal Pell Grant assistance and other student financial assistance available to such student, may not exceed the student's cost of attendance.

(c) SELECTION OF RECIPIENTS.—

(1) PROCEDURES ESTABLISHED BY REGULATION.—The Secretary shall establish by regulation procedures for the determination of eligibility of students for the grants awarded under this section. Such procedures shall include measures to ensure that eligibility is determined in a timely and accurate manner

consistent with the requirements of section 482 and the submission of the financial aid form required by section 483.

(2) REQUIRED INFORMATION.—Each eligible student desiring an award under this section shall submit at such time and in such manner such information as the Secretary may reasonably require.

(3) CONTINUATION OF GRANT REQUIREMENTS.—In order for a student to continue to be eligible to receive an award under this section for the second year of undergraduate education, the eligible student must—

(A) maintain eligibility to receive a Federal Pell Grant for that year;

(B) obtain a grade point average of at least 3.0 (or the equivalent as determined under regulations prescribed by the Secretary) for the first year of undergraduate education; and

(C) be enrolled full-time and fulfill the requirements for satisfactory progress described in section 484(c).

(d) EVALUATION, AND REPORTS.—The Secretary shall monitor the progress, retention, and completion rates of the students to whom awards are provided under this section. In doing so, the Secretary shall evaluate the impact of the Pell Grants Plus Program and report, not less than biennially, to the authorizing committees of the House of Representatives and the Senate.

Subpart 2—Federal Early Outreach and Student Services Programs

CHAPTER 1—FEDERAL TRIO PROGRAMS

SEC. 402A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

(b) RECIPIENTS, DURATION, AND SIZE.—

(1) * * *

[(2) DURATION.—Grants or contracts made under this chapter shall be awarded for a period of 4 years, except that—

[(A) the Secretary shall award such grants or contracts for 5 years to applicants whose peer review scores were in the highest 10 percent of scores of all applicants receiving grants or contracts in each program competition for the same award year;

[(B) grants made under section 402G shall be awarded for a period of 2 years; and

[(C) grants under section 402H shall be awarded for a period determined by the Secretary.

[(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants under this chapter shall be no less than—

[(A) $170,000 for programs authorized by sections 402D and 402G;

[(B) $180,000 for programs authorized by sections 402B and 402F; and

[(C) $190,000 for programs authorized by sections 402C and 402E.]

(2) DURATION.—Grants or contracts awarded under this chapter shall be awarded for a period of 5 years, except that—

(A) grants under section 402G shall be awarded for a period of 2 years; and

(B) grants under section 402H shall be awarded for a period determined by the Secretary.

(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants for programs authorized under this chapter shall be no less than $200,000, except that individual grants for programs authorized under section 402G shall be no less than $170,000.

(c) PERFORMANCE MEASURES.—

(1) IN GENERAL.—The Secretary shall establish expected program outcomes and procedures for measuring, annually and for longer periods, the quality and effectiveness of programs operated under this chapter, and the impact of the services provided through the programs to support the attainment of higher education for students from disadvantaged backgrounds, low-income individuals, and prospective first-generation college students.

(2) USE OF MEASURES.—The performance measures described in paragraph (1) shall be used to—

(A) assess the impact of the specific services provided by recipients of grants or contracts under this chapter and, to the extent the Secretary finds appropriate, administrative and financial management practices of such programs;

(B) identify strengths and weaknesses in the provision of services provided by grantees under this chapter;

(C) identify project operations that may require training and technical assistance resources.

(3) ADDITIONAL MEASURES.—In addition to the performance measures in paragraph (1), each grant recipient may establish local performance measures.

[(c)] *(d)* PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

(1) * * *

(2) SELECTION.—

(A) IN GENERAL.—In awarding grants from among qualified applicants, the Secretary shall consider the effectiveness of each applicant in providing services under this chapter, based on—

(i) the plan of such applicant to deliver program services and achieve expected program outcomes established by the Secretary;

(ii) the plan of such applicant to coordinate program services with other programs for disadvantaged students; and

(iii) any prior experience of such applicant in achieving expected program outcomes under this chapter.

(B) ADDITIONAL CRITERIA.—The Secretary may establish additional selection criteria as necessary to identify the most qualified applicants.

[(2)] *(3)* PRIOR EXPERIENCE.—[In making grants under this chapter, the Secretary shall consider each applicant's prior experience of service delivery under the particular program for which funds are sought. The level of consideration given the

factor of prior experience shall not vary from the level of consideration given such factor during fiscal years 1994 through 1997, except that grants made under section 402H shall not be given prior experience consideration.] *(A) In making grants under this chapter, the Secretary shall use the measures described in subsection (c)(1) to evaluate each applicant's prior experience in achieving expected program outcomes under the particular program for which funds are sought.*

(B) From the amount available under subsection (h) for a program under this chapter (other than a program under section 402G or 402H) for any fiscal year in which the Secretary conducts a competition for the award of grants or contracts under such program, the Secretary shall reserve 10 percent of such available amount for purposes of funding applications from novice applicants. If the Secretary determines that there are an insufficient number of qualified novice applicants to utilize the amount so reserved, the Secretary shall restore the unutilized remainder of the amount reserved for use by applicants qualifying under subparagraph (A).

(C) The Secretary shall not give prior experience points to any current grantee that during the then most recent period for which funds were provided—

(i) failed to meet one or more expected program outcomes based on the performance measures described in subsection (c); or

(ii) expended funds for indirect costs in an amount that exceeded 8 percent of the total grant award.

[(3)] *(4)* ORDER OF AWARDS; PROGRAM FRAUD.—(A) Except with respect to grants made under sections 402G and 402H and as provided in subparagraph (B), the Secretary shall award grants and contracts under this chapter in the order of the scores received by the application for such grant or contract in the peer review process required [under paragraph (4)] *under paragraph (5)* and adjusted for prior experience in accordance [with paragraph (2)] *with paragraph (3)* of this subsection.

[(B) The Secretary is not required to provide assistance to a program otherwise eligible for assistance under this chapter, if the Secretary has determined that such program has involved the fraudulent use of funds under this chapter.]

(B) The Secretary shall not provide assistance to an entity if the Secretary has determined that such entity has involved the fraudulent use of public or private funds.

[(4)] *(5)* PEER REVIEW PROCESS.—(A) * * *

* * * * * * *

[(5)] *(6)* NUMBER OF APPLICATIONS FOR GRANTS AND CONTRACTS.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this chapter if the additional applications describe programs serving different populations or campuses.

[(6)] *(7)* COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.—The Secretary shall encourage coordination of programs assisted under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such

programs. The Secretary shall not limit an entity's eligibility to receive funds under this chapter because such entity sponsors a program similar to the program to be assisted under this chapter, regardless of the funding source of such program. The Secretary shall permit the Director of a program receiving funds under this chapter to administer one or more additional programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding sources of such programs.

[(7) APPLICATION STATUS.—The Secretary shall inform each entity operating programs under this chapter regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this chapter, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of the preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this chapter for a new program regarding the status of their application at least 8 months prior to the proposed startup date of such program.]

[(d)] *(e)* OUTREACH.—

(1) * * *

* * * * * * *

[(3) TECHNICAL ASSISTANCE.—The Secretary shall provide technical training to applicants for projects and programs authorized under this chapter. The Secretary shall give priority to serving programs and projects that serve geographic areas and eligible populations which have been underserved by the programs assisted under this chapter. Technical training activities shall include the provision of information on authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and application deadlines, and assistance in the development of program proposals and the completion of program applications. Such training shall be furnished at conferences, seminars, and workshops to be conducted at not less than 10 sites throughout the United States to ensure that all areas of the United States with large concentrations of eligible participants are served.]

(3) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to applicants for projects and programs authorized under this chapter. The Secretary shall give priority to serving programs and projects that serve geographic areas and eligible populations which have been underserved by the programs assisted under this chapter. Technical training activities shall include the provision of information on authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and application deadlines, and assistance in the development of program proposals and the completion of program applications.

* * * * * * *

(f) RECORDKEEPING AND REPORTING.—

(1) IN GENERAL.—The Secretary shall establish uniform reporting requirements and require each recipient of funds under this chapter to submit annually and in electronic form such information in such manner and form and at such time as the Secretary may require, except that reporting such information shall not reveal personally identifiable information about an individual student.

(2) REPORT TO CONGRESS.—At least once every 2-year period, the Secretary shall prepare and submit to the authorizing committees, a report on the services provided to students that shall include—

(A) a statement for the then most recently concluded fiscal year specifying—

(i) the amount of funds received by grantees to provide services under this chapter; and

(ii) the amount of funds received by new grantees to provide services under this chapter;

(B) a description of the specific services provided to students;

(C) a summary of the overall success in achieving specific program outcomes or progress toward such outcomes;

(D) a report of the number of students served by types of service received;

(E) information summarizing the types of organizations that received funds under this chapter; and

(F) a summary of the research and evaluation activities under section 402H, including—

(i) a status report on ongoing activities; and

(ii) results, conclusions, and recommendations of such activities available after the then most recent report.

[(e)**]** *(g)* DOCUMENTATION OF STATUS AS A LOW-INCOME INDIVIDUAL.—(1) Except in the case of an independent student, as defined in section 480(d), documentation of an individual's status pursuant to subsection **[**(g)(2)**]** *(i)(4)* shall be made by providing the Secretary with—

(A) * * *

* * * * * * *

(2) In the case of an independent student, as defined in section 480(d), documentation of an individual's status pursuant to subsection **[**(g)(2)**]** *(i)(4)* shall be made by providing the Secretary with—

(A) * * *

* * * * * * *

(3) Notwithstanding this subsection and subsection (i)(4), individuals who are homeless or unaccompanied youth as defined in section 725 of the McKinney-Vento Homeless Assistance Act shall be eligible to participate in programs under sections 402B, 402C, 402D, and 402F of this chapter.

[(f)**]** *(h)* AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated **[**$700,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years**]** *$836,500,000 for fiscal year 2006 and such sums as may be*

necessary for each of the 5 succeeding fiscal years. [Of the amount appropriated under this chapter, the Secretary may use no more than ½ of 1 percent of such amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees. In expending these funds, the Secretary shall give priority to the additional administrative requirements provided in the Higher Education Amendments of 1992, to outreach activities, and to obtaining additional readers. The Secretary shall report to Congress by October 1, 1994, on the use of these funds.] *Of the amount appropriated under this chapter, the Secretary may use no more than one half of 1 percent of such amount to support the administration of the Federal TRIO programs including to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to prospective applicants and current grantees.*

[(g)] *(i)* DEFINITIONS.—For the purpose of this chapter:

(1) DIFFERENT CAMPUS.—The term "different campus" means an institutional site that—

(A) is geographically apart from the main campus of the institution;

(B) is permanent in nature; and

(C) offers courses in educational programs leading to a degree, certificate, or other recognized educational credential.

(2) DIFFERENT POPULATION.—The term "different population" means a group of individuals, with respect to whom an entity seeks to serve through an application for funding under this chapter, that—

(A) is separate and distinct from any other population that the entity seeks to serve through an application for funding under this chapter; or

(B) while sharing some of the same needs as another population that the entity seeks to serve through an application for funding under this chapter, has distinct needs for specialized services.

[(1)] *(3)* FIRST GENERATION COLLEGE STUDENT.—The term "first generation college student" means—

(A) * * *

* * * * * * *

[(2)] *(4)* LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

[(3)] *(5)* VETERAN ELIGIBILITY.—No veteran shall be deemed ineligible to participate in any program under this chapter [by reason of such individual's age] who—

(A) * * *

* * * * * * *

[(4)] *(6)* WAIVER.—The Secretary may waive the service requirements in subparagraph (A) or (B) of paragraph (3) if the

Secretary determines the application of the service requirements to a veteran will defeat the purpose of a program under this chapter.

SEC. 402B. TALENT SEARCH.

(a) * * *

(b) PERMISSIBLE SERVICES.—Any talent search project assisted under this chapter may provide services such as—

(1) * * *

* * * * * * *

(3) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(3)**]** *(4)* assistance in preparing for college entrance examinations;

[(4)**]** *(5)* guidance on and assistance in secondary school reentry, entry to general educational development (GED) programs, other alternative education programs for secondary school dropouts, or postsecondary education;

[(5)**]** *(6)* personal and career counseling, or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented;

[(6)**]** *(7)* tutorial services;

[(7)**]** *(8)* exposure to college campuses as well as cultural events, academic programs and other sites or activities not usually available to disadvantaged youth;

[(8)**]** *(9)* workshops and counseling for families of students served;

[(9)**]** *(10)* mentoring programs involving elementary or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons; and

[(10)**]** *(11)* programs and activities as described in paragraphs (1) **[**through (9)**]** *through (10)* which are specially designed for students of limited English proficiency.

* * * * * * *

(d) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.

SEC. 402C. UPWARD BOUND.

(a) * * *

(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under this chapter may provide services such as—

(1) * * *

(2) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(2)**]** *(3)* counseling and workshops;

[(3)**]** *(4)* academic advice and assistance in secondary school course selection;

[(4)] *(5)* tutorial services;

[(5)] *(6)* exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

[(6)] *(7)* activities designed to acquaint youths participating in the project with the range of career options available to them;

[(7)] *(8)* instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

[(8)] *(9)* on-campus residential programs;

[(9)] *(10)* mentoring programs involving elementary or secondary school teachers or counselors, faculty members at institutions of higher education, students, or any combination of such persons;

[(10)] *(11)* work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree;

[(11)] *(12)* special services to enable veterans to make the transition to postsecondary education*, specifically in the fields of math and science*; and

[(12)] *(13)* programs and activities as described in paragraphs [(1) through (11)] *(1) through (12)* which are specially designed for students of limited English proficiency.

* * * * * * *

(e) MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of [$60] *$100* per month during June, July, and August, except that youth participating in a work-study position under subsection [(b)(10)] *(b)(11)* may be paid a stipend of $300 per month during June, July, and August. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of [$40] *$60* per month during the remaining period of the year.

(f) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.

SEC. 402D. STUDENT SUPPORT SERVICES.

(a) * * *

(b) PERMISSIBLE SERVICES.—A student support services project assisted under this chapter may provide services such as—

(1) * * *

(2) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(2)] *(3)* personal counseling;

[(3)] *(4)* academic advice and assistance in course selection;

[(4)] *(5)* tutorial services and counseling and peer counseling;

[(5)] *(6)* exposure to cultural events and academic programs not usually available to disadvantaged students;

[(6)] *(7)* activities designed to acquaint students participating in the project with the range of career options available to them;

[(7)] *(8)* activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

[(8)] *(9)* activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education;

[(9)] *(10)* mentoring programs involving faculty or upper class students, or a combination thereof; and

[(10)] *(11)* programs and activities as described in paragraphs [(1) through (9)] *(1) through (10)* which are specially designed for students of limited English proficiency.

* * * * * * *

(d) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for student support services projects under this chapter for any fiscal year, the Secretary shall—

(1) * * *

* * * * * * *

(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

(A) providing sufficient financial assistance to meet the full financial need of each student in the project; [and]

(B) maintaining the loan burden of each such student at a manageable level[.]*; and*

(C) working with other entities that serve low-income working adults to increase access to and successful progress in postsecondary education by low-income working adults seeking their first postsecondary degree or certificate.

(e) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.

SEC. 402E. POSTBACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.

(a) * * *

(b) SERVICES.—A postbaccalaureate achievement project assisted under this section may provide services such as—

(1) * * *

* * * * * * *

(7) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(7)] *(8)* mentoring programs involving faculty members at institutions of higher education, students, or any combination of such persons; and

[(8)] *(9)* exposure to cultural events and academic programs not usually available to disadvantaged students.

* * * * * * *

(e) MAXIMUM STIPENDS.—Students participating in research under a postbaccalaureate achievement project may receive an award that—

(1) shall include a stipend not to exceed [$2,800] *$5,000* per annum; and

* * * * * * *

[(f) FUNDING.—From amounts appropriated pursuant to the authority of section 402A(f), the Secretary shall, to the extent practicable, allocate funds for projects authorized by this section in an amount which is not less than $11,000,000 for each of the fiscal years 1993 through 1997.]

(f) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.

SEC. 402F. EDUCATIONAL OPPORTUNITY CENTERS.

(a) * * *

(b) PERMISSIBLE SERVICES.—An educational opportunity center assisted under this section may provide services such as—

(1) * * *

* * * * * * *

(4) education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents;

[(4)] *(5)* assistance in preparing for college entrance examinations;

[(5)] *(6)* guidance on secondary school reentry or entry to a general educational development (GED) program or other alternative education programs for secondary school dropouts;

[(6)] *(7)* personal counseling;

[(7)] *(8)* tutorial services;

[(8)] *(9)* career workshops and counseling;

[(9)] *(10)* mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

[(10)] *(11)* programs and activities as described in paragraphs [(1) through (9)] *(1) through (10)* which are specially designed for students of limited English proficiency.

(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for educational opportunity centers under this section for any fiscal year the Secretary shall—

(1) * * *

(2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 402B; [and]

(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 402B[.]*; and*

(4) consider the extent to which the proposed project would provide services to low-income working adults in the region to be served, in order to increase access to postsecondary education by low-income working adults.

(d) EXPECTED PROGRAM OUTCOME.—For the purposes of assessing an applicant's past performance under section 402A(c)(1), and prior experience under section 402A(d)(3), the Secretary shall consider the college-going rate of the participants served by the program compared to that of other applicants eligible to receive consideration of prior experience.

[SEC. 402G. STAFF DEVELOPMENT ACTIVITIES.

[(a) SECRETARY'S AUTHORITY.—For the purpose of improving the operation of the programs and projects authorized by this chapter, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, participating in, or preparing for employment in, such programs and projects.

[(b) CONTENTS OF TRAINING PROGRAMS.—Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Such training shall be offered annually for new directors of projects funded under this chapter as well as annually on the following topics and other topics chosen by the Secretary:

[(1) Legislative and regulatory requirements for the operation of programs funded under this chapter.

[(2) Assisting students in receiving adequate financial aid from programs assisted under this title and other programs.

[(3) The design and operation of model programs for projects funded under this chapter.

[(4) The use of appropriate educational technology in the operation of projects assisted under this chapter.

[(c) CONSULTATION.—Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

[SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.

[(a) EVALUATIONS.—

[(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this chapter, the Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this chapter.

[(2) PRACTICES.—The evaluations described in paragraph (1) shall identify institutional, community, and program or project practices that are particularly effective in enhancing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of the individuals and students for postsecondary education, and the success of the individuals and students in postsecondary education. Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.

[(b) GRANTS.—The Secretary may award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out a program or project assisted under this chapter prior to the date of enactment of the Higher Education Amendments of 1998, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations, that are not receiving assistance under this chapter and are serving low-income students and first generation college students, in order to—

[(1) disseminate and replicate best practices of programs or projects assisted under this chapter; and

[(2) provide technical assistance regarding programs and projects assisted under this chapter.

[(c) RESULTS.—In order to improve overall program or project effectiveness, the results of evaluations and grants described in this section shall be disseminated by the Secretary to similar programs or projects assisted under this subpart, as well as other individuals concerned with postsecondary access for and retention of low-income individuals and first-generation college students.]

SEC. 402G. STAFF DEVELOPMENT ACTIVITIES.

(a) SECRETARY'S AUTHORITY.—For the purpose of improving the operation of the programs and projects authorized by this chapter, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training and technical assistance for staff and leadership personnel employed in, participating in, or preparing for employment in, such programs and projects.

(b) CONTENTS OF TRAINING PROGRAMS.—Such training shall be provided to assist programs and projects in—

(1) achieving the expected program outcomes stated under this chapter or additional outcomes identified by individual programs or projects;

(2) addressing any identified program weaknesses in the overall development, conduct, or administration of a grant or contract;

(3) improving the quality of services provided to eligible students; or

(4) additional areas in need of program improvement as identified by the Secretary or as requested by grantees in order to enhance program operations and outcomes.

(c) CONSULTATION.—Grants for the purposes of this section shall be made only after consultation with regional and State profes-

sional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

SEC. 402H. EVALUATIONS.

(a) EVALUATIONS.—

(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this chapter, the Secretary shall make grants to or enter into contracts with one or more organizations to—

(A) evaluate the effectiveness of the programs and projects assisted under this chapter; and

(B) disseminate information on the impact of the programs in increasing the education level of participating students, as well as other appropriate measures.

(2) ISSUES TO BE EVALUATED.—The evaluations described in paragraph (1) shall measure the effectiveness of programs under this chapter in—

(A) meeting the expected program outcomes stated under this chapter and all performance measures identified by the Secretary;

(B) enhancing the access of low-income individuals and first-generation college students to postsecondary education;

(C) preparing individuals and students for postsecondary education;

(D) comparing the level of education completed by students who participate in the programs funded under this chapter with the level of education completed by students of similar backgrounds who do not participate in such programs;

(E) comparing the retention rates, dropout rates, graduation rates, and college admission and completion rates of students who participate in the programs funded under this chapter with the rates of students of similar backgrounds who do not participate in such programs; and

(F) such other issues as the Secretary considers appropriate for inclusion in the evaluation.

(3) PROGRAM METHODS.—Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.

(b) RESULTS.—The Secretary shall submit to the authorizing committees—

(1) an annual interim report on the progress and preliminary results of the evaluation of each program funded under this chapter no later than 2 years following the date of enactment of the College Access and Opportunity Act of 2005; and

(2) a final report not later than 3 years following the date of enactment of such Act.

(c) PUBLIC AVAILABILITY.—All reports and underlying data gathered pursuant to this section shall be made available to the public upon request, in a timely manner following submission of the applicable reports under subsection (b), except that any personally identifiable information on students participating in any TRIO program shall not be disclosed or made available to the public.

CHAPTER 2—GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS

SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.

(a) * * *

(b) AWARDS.—

(1) * * *

(2) PRIORITY.—In making awards to eligible entities described in paragraph (c)(1), the Secretary shall—

(A) * * *

(B) ensure that students served under this chapter on the day before the date of enactment of the [Higher Education Amendments of 1998] *College Access and Opportunity Act of 2005* continue to receive assistance through the completion of secondary school.

(3) DURATION.—An award made by the Secretary under this chapter to an eligible entity described in paragraph (1) or (2) of subsection (c) shall be for the period of 6 years.

* * * * * * *

(d) CONTINUING ELIGIBILITY.—An eligible entity shall not cease to be an eligible entity upon the expiration of any grant under this chapter (including a continuation award).

SEC. 404B. REQUIREMENTS.

(a) * * *

* * * * * * *

(g) COHORT APPROACH.—

(1) IN GENERAL.—The Secretary shall require that eligible entities described in section 404A(c)(2)—

(A) * * *

(B) ensure that the services are provided through the 12th grade to students in the participating grade level *and provide the option of continued services through the student's first year of attendance at an eligible institution of higher education*.

* * * * * * *

SEC. 404C. ELIGIBLE ENTITY PLANS.

(a) PLAN REQUIRED FOR ELIGIBILITY.—

(1) * * *

(2) CONTENTS.—Each plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation. Each such plan shall—

(A) describe the activities for which assistance under this chapter is sought; [and]

(B) describe activities for coordinating, complementing, and enhancing services under this chapter provided by other eligible entities in the State; and

[(B)] *(C)* provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter.

* * * * * * *

SEC. 404D. EARLY INTERVENTION.

(a) * * *

(b) USES OF FUNDS.—

(1) * * *

(2) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

(A) Providing eligible students in preschool through grade 12 *and students in the first year of attendance at an eligible institution of higher education* with a continuing system of mentoring and advising that—

(i) * * *

(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring, [and academic counseling] *academic counseling, and financial literacy and economic literacy education or counseling*.

* * * * * * *

(c) PRIORITY STUDENTS.—For eligible entities not using a cohort approach, the eligible entity shall treat as priority students any student in preschool through grade 12*, and may consider students in their first year of attendance at an eligible institution,* who is eligible—

(1) * * *

* * * * * * *

(e) HOMELESS AND UNACCOMPANIED YOUTH.—Notwithstanding any other provision of this chapter, individuals who are homeless or unaccompanied youth as defined in section 725 of the McKinney-Vento Homeless Assistance Act shall be eligible to participate in programs under this section.

SEC. 404H. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this chapter [$200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *$306,500,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years*.

[CHAPTER 3—ACADEMIC ACHIEVEMENT INCENTIVE SCHOLARSHIPS

[SEC. 406A. SCHOLARSHIPS AUTHORIZED.

[The Secretary is authorized to award scholarships to students who graduate from secondary school after May 1, 2000, to enable the students to pay the cost of attendance at an institution of higher education during the students first 2 academic years of undergraduate education, if the students—

[(1) are eligible to receive Federal Pell Grants for the year in which the scholarships are awarded; and

[(2) demonstrate academic achievement by graduating in the top 10 percent of their secondary school graduating class.

[SEC. 406B. SCHOLARSHIP PROGRAM REQUIREMENTS.

[(a) AMOUNT OF AWARD.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a scholarship awarded under this chapter for any academic year shall be equal to 100 percent of the amount of the Federal Pell Grant for which the recipient is eligible for the academic year.

[(2) ADJUSTMENT FOR INSUFFICIENT APPROPRIATIONS.—If, after the Secretary determines the total number of eligible applicants for an academic year in accordance with section 406C, funds available to carry out this chapter for the academic year are insufficient to fully fund all awards under this chapter for the academic year, the amount of the scholarship paid to each student under this chapter shall be reduced proportionately.

[(b) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—A scholarship awarded under this chapter to any student, in combination with the Federal Pell Grant assistance and other student financial assistance available to such student, may not exceed the student's cost of attendance.

[SEC. 406C. ELIGIBILITY OF SCHOLARS.

[(a) PROCEDURES ESTABLISHED BY REGULATION.—The Secretary shall establish by regulation procedures for the determination of eligibility of students for the scholarships awarded under this chapter. Such procedures shall include measures to prevent any secondary school from certifying more than 10 percent of the school's students for eligibility under this section.

[(b) COORDINATION.—In prescribing procedures under subsection (a), the Secretary shall ensure that the determination of eligibility and the amount of the scholarship is determined in a timely and accurate manner consistent with the requirements of section 482 and the submission of the financial aid form required by section 483. For such purposes, the Secretary may provide that, for the first academic year of a student's 2 academic years of eligibility under this chapter, class rank may be determined prior to graduation from secondary school, at such time and in such manner as the Secretary may specify in regulations prescribed under this chapter.

[SEC. 406D. STUDENT REQUIREMENTS.

[(a) IN GENERAL.—Each eligible student desiring a scholarship under this chapter shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

[(b) CONTINUING ELIGIBILITY.—In order for a student to continue to be eligible to receive a scholarship under this chapter for the second year of undergraduate education, the eligible student shall maintain eligibility to receive a Federal Pell Grant for that year, including fulfilling the requirements for satisfactory progress described in section 484(c).

[SEC. 407E. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this chapter $200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

SUBPART 3—FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated [$675,000,000 for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years] *$779,000,000 for fiscal year 2006 and such sums as may be necessary for the 5 succeeding fiscal years*.

* * * * * * *

SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS.

(a) * * *

* * * * * * *

(c) SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.—(1) * * *

[(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

[(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and

[(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484.

[(B) For the purpose of subparagraph (A), the term "students with exceptional need" means students with the lowest expected family contributions at the institution.]

(2) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

(A) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484; and

(B) will award no more than 10 percent of each institution's allocation received under section 413D to students who did not receive Federal Pell Grants in a prior year.

* * * * * * *

SEC. 413D. ALLOCATION OF FUNDS.

[(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 413A(b) for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to 100 percent of the amount such institution received under subsections (a) and (b) of this section for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year).

[(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in

the program under this subpart after fiscal year 1999 but is not a first or second time participant, an amount equal to the greater of—

[(i) $5,000; or

[(ii) 90 percent of the amount received and used under this subpart for the first year it participated in the program.

[(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1999 and is a first or second time participant, an amount equal to the greatest of—

[(i) $5,000;

[(ii) an amount equal to (I) 90 percent of the amount received and used under this subpart in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

[(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

[(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which

[(i) was a first-time participant in the program in fiscal year 2000 or any subsequent fiscal year, and

[(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

[(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

[(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

[(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

[(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

[(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

[(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

[(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate from or transfer to a 4-year institution of higher education.]

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 413A(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraph (2), first allocate to each eligible institution an amount equal to the following percentage of the amount such institution received under subsection (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year):

(A) 80 percent for fiscal years 2008 and 2009;

(B) 60 percent for fiscal years 2010 and 2011;

(C) 40 percent for fiscal years 2012 and 2013;

(D) 20 percent for fiscal years 2014 and 2015; and

(E) 0 percent for fiscal year 2016 and any succeeding fiscal year.

(2) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).

(3) ADDITIONAL ALLOCATIONS FOR CERTAIN INSTITUTIONS.—

(A) ALLOCATIONS PERMITTED.—Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this subpart exceeds $700,000,000 among eligible institutions described in subparagraph (B).

(B) ELIGIBLE INSTITUTIONS.—An otherwise eligible institution may receive a portion of the allocation described in subparagraph (A) if—

(i) not less than 10 percent of the students attending the institution receive Federal Pell Grants; and

(ii)(I) in the case of an institution that offers programs of at least 4 years in duration, if its graduation rate for Federal Pell Grant recipients attending the institution and graduating within the period of time equal to normal duration of the longest undergraduate program offered by the institution, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)); or

(II) in the case of an institution that offers programs of at least 2, but less than 4, years in duration, if its rate for Federal Pell Grant recipients attending the institution and graduating or transferring to an institution that offers programs of at least 4 years in duration within the period of time equal to the normal duration of the program offered, as measured from the first day

of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)).

* * * * * * *

(c) DETERMINATION OF INSTITUTION'S NEED.—(1) * * *

* * * * * * *

(3)(A) * * *

* * * * * * *

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to **[**$450**]** *$600*.

* * * * * * *

SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM

SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—

(1) IN GENERAL.—There are authorized to be appropriated $105,000,000 for fiscal year **[**1999**]** *2006*, and such sums as may be necessary for each of the **[**4**]** *5* succeeding fiscal years.

* * * * * * *

SUBPART 5—SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK

SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

(a) * * *

(b) SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.—The services authorized by this subpart for the high school equivalency program include—

(1) recruitment services to reach persons—

(A) * * *

(B)(i) who themselves*, or whose spouse*, or whose parents, have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; or

* * * * * * *

(3) supportive services which include the following:

(A) * * *

(B) placement services designed to place students in a university, college, or junior college program*, including preparation for college entrance exams,* or in military service or career positions; and

* * * * * * *

(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; **[**and**]**

(8) other essential supportive services*, including child care and transportation*, as needed to ensure the success of eligible students**[**.**]***; and*

(9) follow-up activity and reporting requirements, except that not more than 2 percent of the funds provided under this section may be used for such purposes.

(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—(1) Services authorized by this subpart for the college assistance migrant program include—

(A) outreach and recruitment services to reach persons who themselves*, or whose spouse* or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork or who have participated or are eligible to participate, in programs under part C of title I of the Elementary and Secondary Education Act of 1965 (or such part's predecessor authority) or section 402 of the Job Training Partnership Act or section 167 of the Workforce Investment Act of 1998, and who meet the minimum qualifications for attendance at a college or university;

(B) supportive and instructional services which include:

[(i) personal, academic, and career counseling as an ongoing part of the program;]

(i) personal, academic, career, and economic education or personal finance counseling as an ongoing part of the program;

* * * * * * *

(2) A recipient of a grant to operate a college assistance migrant program under this subpart shall provide followup services for migrant students after such students have completed their first year of college, and shall not use more than 10 percent of such grant for such followup services. Such followup services may include—

(A) monitoring and reporting the academic progress of students who participated in the project during such student's first year of college and during such student's subsequent years in college; [and]

(B) referring such students to on- or off-campus providers of counseling services *(including mentoring and guidance of such students)*, academic assistance, or financial aid[.]*; and*

(C) for students in any program that does not award a bachelor's degree, encouraging the transfer to, and persistence in, such a program, and monitoring the rate of such transfer, persistence, and completion.

* * * * * * *

(e) FIVE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Except under extraordinary circumstances, the Secretary shall award grants for a 5-year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs in accordance with [section 402A(c)(1)] *section 402A(c)(2)*.

* * * * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program [$15,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *$24,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years*.

(2) There are authorized to be appropriated for the college assistance migrant program [$5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *$16,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years*.

[SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

[SEC. 419A. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to establish a Robert C. Byrd Honors Scholarship Program to promote student excellence and achievement and to recognize exceptionally able students who show promise of continued excellence.

[SEC. 419C. SCHOLARSHIPS AUTHORIZED.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States to enable the States to award scholarships to individuals who have demonstrated outstanding academic achievement and who show promise of continued academic achievement.

[(b) PERIOD OF AWARD.—Scholarships under this section shall be awarded for a period of not less than 1 or more than 4 years during the first 4 years of study at any institution of higher education eligible to participate in any programs assisted under this title. The State educational agency administering the program in a State shall have discretion to determine the period of the award (within the limits specified in the preceding sentence), except that—

[(1) if the amount appropriated for this subpart for any fiscal year exceeds the amount appropriated for this subpart for fiscal year 1993, the Secretary shall identify to each State educational agency the number of scholarships available to that State under section 419D(b) that are attributable to such excess;

[(2) the State educational agency shall award not less than that number of scholarships for a period of 4 years.

[(c) USE AT ANY INSTITUTION PERMITTED.—A student awarded a scholarship under this subpart may attend any institution of higher education.

[(d) BYRD SCHOLARS.—Individuals awarded scholarships under this subpart shall be known as "Byrd Scholars".

[SEC. 419D. ALLOCATION AMONG STATES.

[(a) ALLOCATION FORMULA.—From the sums appropriated pursuant to the authority of section 419K for any fiscal year, the Secretary shall allocate to each State that has an agreement under section 419E an amount equal to $1,500 multiplied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b).

[(b) NUMBER OF SCHOLARSHIPS AVAILABLE.—The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

[(c) USE OF CENSUS DATA.—For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall

be determined by the most recently available data, satisfactory to the Secretary, from the Bureau of the Census.

[(d) CONSOLIDATION BY INSULAR AREAS PROHIBITED.—Notwithstanding section 501 of Public Law 95–1134 (48 U.S.C. 1469a), funds allocated under this part to an Insular Area described in that section shall be deemed to be direct payments to classes of individuals, and the Insular Area may not consolidate such funds with other funds received by the Insular Area from any department or agency of the United States Government.

[(e) FAS ELIGIBILITY.—

[(1) FISCAL YEARS 2000 THROUGH 2004.—Notwithstanding any other provision of this subpart, in the case of students from the Freely Associated States who may be selected to receive a scholarship under this subpart for the first time for any of the fiscal years 2000 through 2004—

[(A) there shall be 10 scholarships in the aggregate awarded to such students for each of the fiscal years 2000 through 2004; and

[(B) the Pacific Regional Educational Laboratory shall administer the program under this subpart in the case of scholarships for students in the Freely Associated States.

[(2) TERMINATION OF ELIGIBILITY.—A student from the Freely Associated States shall not be eligible to receive a scholarship under this subpart after September 30, 2004.

[SEC. 419E. AGREEMENTS.

[The Secretary shall enter into an agreement with each State desiring to participate in the scholarship program authorized by this subpart. Each such agreement shall include provisions designed to assure that—

[(1) the State educational agency will administer the scholarship program authorized by this subpart in the State;

[(2) the State educational agency will comply with the eligibility and selection provisions of this subpart;

[(3) the State educational agency will conduct outreach activities to publicize the availability of scholarships under this subpart to all eligible students in the State, with particular emphasis on activities designed to assure that students from low-income and moderate-income families have access to the information on the opportunity for full participation in the scholarship program authorized by this subpart; and

[(4) the State educational agency will pay to each individual in the State who is awarded a scholarship under this subpart $1,500.

[SEC. 419F. ELIGIBILITY OF SCHOLARS.

[(a) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this subpart shall be a graduate of a public or private secondary school or have the equivalent of a certificate of graduation as recognized by the State in which the student resides and must have been admitted for enrollment at an institution of higher education.

[(b) SELECTION BASED ON PROMISE OF ACADEMIC ACHIEVEMENT.—Each student awarded a scholarship under this subpart

must demonstrate outstanding academic achievement and show promise of continued academic achievement.

[SEC. 419G. SELECTION OF SCHOLARS.

[(a) ESTABLISHMENT OF CRITERIA.—The State educational agency is authorized to establish the criteria for the selection of scholars under this subpart.

[(b) ADOPTION OF PROCEDURES.—The State educational agency shall adopt selection procedures designed to ensure an equitable geographic distribution of awards within the State (and in the case of the Federated States of Micronesia, the Republic of the Marshall Islands, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, or Palau (until such time as the Compact of Free Association is ratified), not to exceed 10 individuals will be selected from such entities).

[(c) CONSULTATION REQUIREMENT.—In carrying out its responsibilities under subsections (a) and (b), the State educational agency shall consult with school administrators, school boards, teachers, counselors, and parents.

[(d) TIMING OF SELECTION.—The selection process shall be completed, and the awards made, prior to the end of each secondary school academic year.

[SEC. 419H. STIPENDS AND SCHOLARSHIP CONDITIONS.

[(a) AMOUNT OF AWARD.—Each student awarded a scholarship under this subpart shall receive a stipend of $1,500 for the academic year of study for which the scholarship is awarded, except that in no case shall the total amount of financial aid awarded to such student exceed such student's total cost-of-attendance.

[(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a scholar awarded a scholarship under this subpart pursues a course of study at an institution of higher education.

[SEC. 419J. CONSTRUCTION OF NEEDS PROVISIONS.

[Except as provided in section 471, nothing in this subpart, or any other Act, shall be construed to permit the receipt of a scholarship under this subpart to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

[SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated for this subpart $45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

Subpart 6—Robert C. Byrd Honors Scholarship Program

SEC. 419A. ROBERT C. BYRD MATHEMATICS AND SCIENCE HONORS SCHOLARSHIP PROGRAM.

(a) PURPOSE.—The purpose of this section is to award scholarships to students who are enrolled in studies leading to baccalaureate and advanced degrees in physical, life, or computer sciences, mathematics, and engineering.

(b) DEFINITIONS.—As used in this section—

(1) the term "computer science" means the branch of knowledge or study of computers, including such fields of knowledge or study as computer hardware, computer software, computer engineering, information systems, and robotics;

(2) the term "eligible student" means a student who—

(A) is a citizen of the United States;

(B) is selected by the managing agent to receive a scholarship;

(C) is enrolled full-time in an institution of higher education, other than a United States service academy; and

(D) has shown a commitment to and is pursuing a major in studies leading to a baccalaureate, masters, or doctoral degree (or a combination thereof) in physical, life, or computer sciences, mathematics, or engineering;

(3) the term "engineering" means the science by which the properties of matter and the sources of energy in nature are made useful to humanity in structures, machines, and products, as in the construction of engines, bridges, buildings, mines, and chemical plants, including such fields of knowledge or study as aeronautical engineering, chemical engineering, civil engineering, electrical engineering, industrial engineering, materials engineering, manufacturing engineering, and mechanical engineering;

(4) the term "life sciences" means the branch of knowledge or study of living things, including such fields of knowledge or study as biology, biochemistry, biophysics, microbiology, genetics, physiology, botany, zoology, ecology, and behavioral biology, except that the term does not encompass social psychology or the health professions;

(5) the term "managing agent" means an entity to which an award is made under subsection (c) to manage a program of Mathematics and Science Honors Scholarships;

(6) the term "mathematics" means the branch of knowledge or study of numbers and the systematic treatment of magnitude, relationships between figures and forms, and relations between quantities expressed symbolically, including such fields of knowledge or study as statistics, applied mathematics, and operations research; and

(7) the term "physical sciences" means the branch of knowledge or study of the material universe, including such fields of knowledge or study as astronomy, atmospheric sciences, chemistry, earth sciences, ocean sciences, physics, and planetary sciences.

(c) AWARD.—

(1)(A) From funds authorized under section 419D to carry out this section, the Secretary is authorized, through a grant or cooperative agreement, to make an award to a private, non-profit organization, other than an institution of higher education or system of institutions of higher education, to manage, through a public and private partnership, a program of Mathematics and Science Honors Scholarships under this section.

(B) The award under subparagraph (A) shall be for a five-year period.

(2)(A) One hundred percent of the funds awarded under paragraph (1)(A) for any fiscal year shall be obligated and expended solely on scholarships to eligible students.

(B) No Federal funds shall be used to provide more than 50 percent of the cost of any scholarship to an eligible student.

(C) The maximum scholarship award shall be the difference between an eligible student's cost of attendance minus any non-loan based aid such student receives.

(3)(A) The secretary may establish—

(i) eligibility criteria for applicants for managing agent, including criteria regarding financial and administrative capability; and

(ii) operational standards for the managing agent, including management and performance requirements, such as audit, recordkeeping, record retention, and reporting procedures and requirements.

(B) The Secretary, as necessary, may review and revise any criteria, standards, and rules established under this paragraph and, through the agreement with the managing agent, see that any revisions are implemented.

(4) If the managing agent fails to meet the requirements of this section the Secretary may terminate the award to the managing agent.

(5) The Secretary shall conduct outreach efforts to help raise awareness of the Mathematics and Science Honors Scholarships.

(d) DUTIES OF THE MANAGING AGENT.—The managing agent shall—

(1) develop criteria to award Mathematics and Science Honors Scholarships based on established measurements available to secondary students who wish to pursue degrees in physical, life, or computer sciences, mathematics, and engineering;

(2) establish a Mathematics and Science Honors Scholarship Fund in a separate, named account that clearly discloses the amount of Federal and non-Federal funds deposited in the account and used for scholarships under this section;

(3) solicit funds for scholarships and for the administration of the program from non-Federal sources;

(4) solicit applicants for scholarships;

(5) from the amounts in the Fund, award scholarships to eligible students and transfer such funds to the institutions of higher education that they attend; and

(6) annually submit to the Secretary a financial audit and a report on the progress of the program, and such other documents as the Secretary may require to determine the effective management of the program.

(e) APPLICATIONS.—

(1) Any eligible entity that desires to be the managing agent under this section shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

(2) Each application shall include a description of—

(A) how the applicant meets or will meet requirements established under subsections (c)(3)(A) and (d);

(B) how the applicant will solicit funds for scholarships and for the administration of the program from non-Federal sources;

(C) how the applicant will provide nationwide outreach to inform students about the program and to encourage students to pursue degrees in physical, life, or computer sciences, mathematics, and engineering;

(D) how the applicant will solicit applications for scholarships, including how the applicant will balance efforts in urban and rural areas;

(E) the selection criteria based on established measurements available to secondary students the applicant will use to award scholarships and to renew those awards;

(F) how the applicant will inform the institution of higher education chosen by the recipient of the name and scholarship amount of the recipient;

(G) what procedures and assurances the applicant and the institution of higher education that the recipient attends will use to verify student eligibility, attendance, degree progress, and academic performance and to deliver and account for payments to such institution;

(H) the management (including audit and accounting) procedures the applicant will use for the program;

(I) the human, financial, and other resources that the applicant will need and use to manage the program;

(J) how the applicant will evaluate the program and report to the Secretary annually; and

(K) a description of how the entity will coordinate with, complement, and build on similar public and private mathematics and science programs.

(f) SCHOLARSHIP RECIPIENTS.—

(1) A student receiving a scholarship under this section shall be known as a "Byrd Mathematics and Science Honors Scholar".

(2) Any student desiring to receive a scholarship under this section shall submit an application to the managing agent in such form, and containing such information, as the managing agent may require.

(3) Any student that receives a scholarship under this section shall enter into an agreement with the managing agent to complete 5 consecutive years of service to begin no later than 12 months following completion of the final degree in a position related to physical, life, or computer sciences, mathematics, or engineering as defined under this section.

(4) If any student that receives a scholarship under this section fails to earn at least a baccalaureate degree in physical, life, or computer sciences, mathematics, or engineering as defined under this section, the student shall repay to the managing agent the amount of any financial assistance paid to such student.

(5) If any student that receives a scholarship under this section fails to meet the requirements of paragraph (3), the student shall repay to the managing agent the amount of any financial assistance paid to such student.

(6)(A) Scholarships shall be awarded for only one academic year of study at a time.

(B)(i) A scholarship shall be renewable on an annual basis for the established length of the academic program if the student awarded the scholarship remains eligible.

(ii) The managing agent may condition renewal of a scholarship on measures of academic progress and achievement, with the approval of the Secretary.

(C)(i) If a student fails to either remain eligible or meet established measures of academic progress and achievement, the managing agent shall instruct the student's institution of higher education to suspend payment of the student's scholarship.

(ii) A suspension of payment shall remain in effect until the student is able to demonstrate to the satisfaction of the managing agent that he or she is again eligible and meets the established measures of academic progress and achievement.

(iii) A student's eligibility for a scholarship shall be terminated if a suspension period exceeds 12 months.

(D)(i)(I) A student awarded a scholarship may, in a manner and under the terms established by, and with the approval of, the managing agent, postpone or interrupt his or her enrollment at an institution of higher education for up to 12 months.

(II) Such a postponement or interruption shall not be considered a suspension for purposes of subparagraph (C).

(ii) Neither a student nor the student's institution of higher education shall receive the student's scholarship payments during the period of postponement or interruption, but such payments shall resume upon enrollment or reenrollment.

(iii) In exceptional circumstances, such as serious injury or illness or the necessity to care for family members, the student's postponement or interruption may, upon notification and approval of the managing agent, be extended beyond the 12 month period described in clause (i)(I).

(g) RESPONSIBILITIES OF INSTITUTION OF HIGHER EDUCATION.—

(1) The managing agent shall require any institution of higher education that enrolls a student who receives a scholarship under this section to annually provide an assurance, prior to making any payment, that the student—

(A) is eligible in accordance with subsection (b)(2); and

(B) has provided the institution with a written commitment to attend, or is attending, classes and is satisfactorily meeting the institution's academic criteria for enrollment in its program of study.

(2)(A) The managing agent shall provide the institution of higher education with payments from the Fund for selected recipients in at least two installments.

(B) An institution of higher education shall return prorated amounts of any scholarship payment to the managing agent, who shall deposit it in to the Fund, if a recipient declines a scholarship, does not attend courses, transfers to another institution of higher education, or becomes ineligible for a scholarship.

SEC. 419B. MATHEMATICS AND SCIENCE INCENTIVE PROGRAM.

(a) PROGRAM.—

(1) IN GENERAL.—The Secretary is authorized to carry out a program of assuming the obligation to pay, pursuant to the provisions of this section, the interest on a loan made, insured, or guaranteed under part B or D of this title.

(2) ELIGIBILITY.—The Secretary may assume interest payments under paragraph (1) only for a borrower who—

(A) has submitted an application in compliance with subsection (d);

(B) obtained one or more loans described in paragraph (1) as an undergraduate student;

(C) is a new borrower (within the meaning of section 103(7) of this Act) on or after the date of enactment of the College Access and Opportunity Act of 2005;

(D) is a highly qualified teacher of science, technology, engineering or mathematics at an elementary or secondary school in a high need local educational agency, or is a mathematics, science, or engineering professional; and

(E) enters into an agreement with the Secretary to complete 5 consecutive years of service in a position described in subparagraph (D), starting on the date of the agreement.

(3) PRIOR INTEREST LIMITATIONS.—The Secretary shall not make any payments for interest that—

(A) accrues prior to the beginning of the repayment period on a loan in the case of a loan made under section 428H or a Federal Direct Unsubsidized Stafford Loan; or

(B) has accrued prior to the signing of an agreement under paragraph (2)(E).

(4) INITIAL SELECTION.—In selecting participants for the program under this section, the Secretary—

(A) shall choose among eligible applicants on the basis of—

(i) the national security, homeland security, and economic security needs of the United States, as determined by the Secretary, in consultation with other Federal agencies, including the Departments of Labor, Defense, Homeland Security, Commerce, and Energy, the Central Intelligence Agency, and the National Science Foundation; and

(ii) the academic record or job performance of the applicant; and

(B) may choose among eligible applicants on the basis of—

(i) the likelihood of the applicant to complete the 5-year service obligation;

(ii) the likelihood of the applicant to remain in science, mathematics, or engineering after the completion of the service requirement; or

(iii) other relevant criteria determined by the Secretary.

(5) AVAILABILITY SUBJECT TO APPROPRIATIONS.—Loan interest payments under this section shall be subject to the availability of appropriations. If the amount appropriated for any fiscal year is not sufficient to provide interest payments on behalf of all qualified applicants, the Secretary shall give priority to

those individuals on whose behalf interest payments were made during the preceding fiscal year.

(6) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

(b) DURATION AND AMOUNT OF INTEREST PAYMENTS.—The period during which the Secretary shall pay interest on behalf of a student borrower who is selected under subsection (a) is the period that begins on the effective date of the agreement under subsection (a)(2)(E), continues after successful completion of the service obligation, and ends on the earlier of—

(1) the completion of the repayment period of the loan;

(2) payment by the Secretary of a total of $5,000 on behalf of the borrower;

(3) if the borrower ceases to fulfill the service obligation under such agreement prior to the end of the 5-year period, as soon as the borrower is determined to have ceased to fulfill such obligation in accordance with regulations of the Secretary; or

(4) 6 months after the end of any calendar year in which the borrower's gross income equals or exceeds 4 times the national per capita disposable personal income (current dollars) for such calendar year, as determined on the basis of the National Income and Product Accounts Tables of the Bureau of Economic Analysis of the Department of Commerce, as determined in accordance with regulations prescribed by the Secretary.

(c) REPAYMENT TO ELIGIBLE LENDERS.—Subject to the regulations prescribed by the Secretary by regulation under subsection (a)(6), the Secretary shall pay to each eligible lender or holder for each payment period the amount of the interest that accrues on a loan of a student borrower who is selected under subsection (a).

(d) APPLICATION FOR REPAYMENT.—

(1) IN GENERAL.—Each eligible individual desiring loan interest payment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(2) FAILURE TO COMPLETE SERVICE AGREEMENT.—Such application shall contain an agreement by the individual that, if the individual fails to complete the 5 consecutive years of service required by subsection (a)(2)(E), the individual agrees to repay the Secretary the amount of any interest paid by the Secretary on behalf of the individual.

(e) TREATMENT OF CONSOLIDATION LOANS.—A consolidation loan made under section 428C of this Act, or a Federal Direct Consolidation Loan made under part D of title IV of this Act, may be a qualified loan for the purpose of this section only to the extent that such loan amount was used by a borrower who otherwise meets the requirements of this section to repay—

(1) a loan made under section 428 or 428H of this Act; or

(2) a Federal Direct Stafford Loan, or a Federal Direct Unsubsidized Stafford Loan, made under part D of title IV of this Act.

(f) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this section and—

(1) any loan forgiveness program under title IV of this Act; or

(2) subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

(g) DEFINITIONS.—As used in this section—

(1) the term "high need local educational agency" has the same meaning given such term in section 201(b)(4); and

(2) the term "mathematics, science, or engineering professional" means a person who—

(A) holds a baccalaureate, masters, or doctoral degree (or a combination thereof) in science, mathematics, or engineering; and

(B) works in a field the Secretary determines is closely related to that degree, which shall include working as a professor at a two- or four-year institution of higher education.

SEC. 419C. MATHEMATICS AND SCIENCE EDUCATION COORDINATING COUNCIL GRANTS.

(a) PURPOSES.—The purposes of this section include—

(1) supporting programs that encourage students to enroll in and successfully complete baccalaureate and advanced degrees in science, technology, engineering, and mathematics;

(2) achieving the common objective of organizing, leading, and implementing State-based reform agendas that support the continuing improvement of mathematics and science education; and

(3) improving collaboration in a State among the State educational agency, 2-year and 4-year institutions of higher education, and the business community through the development or improvement of a coordinating council.

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

(1) the term "eligible State" means—

(A) the Governor of a State; or

(B) in the case of a State for which the constitution or laws of the State designate an individual, entity, or agency in the State, other than the Governor, to be responsible for coordination among segments of the State's educational systems, such individual, entity, or agency.

(2) the term "mathematics and science education coordinating council" means an organization that is charged by a State with coordinating mathematics and science education in the State. Such a council shall be composed of education, business, and community leaders working together to increase student participation and academic achievement in mathematics and science.

(c) STATE GRANTS.—From amounts made available under section 419D for this section, the Secretary is authorized to use not more than $5,000,000 to award grants on a competitive basis to eligible States for the purpose of carrying out activities described in subsection (d).

(d) USES OF FUNDS.—An eligible State that receives a grant under this section is authorized to use grant funds to carry out one or more of the following activities:

(1) In a State in which a mathematics and science education coordinating council does not exist, planning and establishing such a council.

(2) In a State in which such a council exists, reforming or expanding the activities of the council, including implementing State-based reform agendas that support the continuing improvement of mathematics and science education, and support services that lead to better teacher recruitment and training, increased student academic achievement, and increased student enrollment and degree attainment in science, technology, engineering, and mathematics.

(3) Coordinating with activities under part B of title II of the Elementary and Secondary Education Act of 1965 and with title II of this Act, especially as it pertains to the recruitment and preparation of highly qualified mathematics and science teachers.

(e) APPLICATION.—To be eligible to receive a grant under this section, an eligible State shall submit an application to the Secretary that—

(1) describes the activities the State will carry out with the funds;

(2) contains a plan for continuing such activities once Federal funding ceases; and

(3) contains such other information and assurances as the Secretary may require.

(f) CONSULTATION.—The Governor of a State, or the individual, entity, or agency in the State described in subsection (b)(1)(B), shall consult with the State board of education, State educational agency, and the State agency for higher education, as appropriate, with respect to the activities assisted under this section. In the case of an individual, entity, or agency described in subsection (b)(1)(B), such consultation shall also include the Governor.

(g) CONSTRUCTION.—Nothing in this section shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

(h) ADMINISTRATIVE PROVISIONS.—

(1) IN GENERAL.—

(A) Grants awarded under this section shall be awarded for a period not to exceed 5 years.

(B) A grantee may receive a grant under this part only once.

(C) Payments of grant funds under this section shall be annual.

(2) SECRETARIAL SELECTIONS.—The Secretary shall determine which applications receive funds under this section, and the amount of the grant. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this section and the nature of each grant proposal, including whether funds are being sought to assist in the creation of a new State mathematics and science education coordinating council or to extend the work of an existing council. The Secretary shall also take into account the equitable geographic distribution of grants throughout the United States.

(3) MATCHING REQUIREMENT.—Each eligible State receiving a grant under this section shall provide, from non-Federal sources, an amount equal to 50 percent of the amount of the

grant (in cash or in kind) to carry out the activities supported by the grant.

(i) ACCOUNTABILITY AND EVALUATION.—

(1) STATE GRANT ACCOUNTABILITY REPORT.—An eligible State that receives a grant under this section shall submit an annual accountability report to the Secretary. Such report shall include a description of the degree to which the eligible State, in using grant funds, has made substantial progress in meeting its objectives.

(2) EVALUATION AND DISSEMINATION.—The Secretary shall evaluate the activities funded under this section and report the Secretary's findings regarding such activities to the authorizing committees. The Secretary shall broadly disseminate successful practices developed by eligible States under this section, and shall broadly disseminate information regarding such practices that were found to be ineffective.

(3) REVOCATION.—If the Secretary determines that an eligible State is not making substantial progress in meeting the purposes, objectives, and measures, as appropriate, required under this section by the end of the second year of a grant, then the grant payment shall not be made for the third year and subsequent years of the grant.

SEC. 419D. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $41,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years to carry out this subpart.

Subpart 7—Child Care Access Means Parents in School

SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

(a) * * *

* * * * * * *

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $45,000,000 for fiscal year **[**1999**]** *2006* and such sums as may be necessary for each of the **[**4**]** *5* succeeding fiscal years.

* * * * * * *

[Subpart 8—Learning Anytime Anywhere Partnerships

[SEC. 420D. FINDINGS.

[Congress makes the following findings:

[(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary education or for whom traditional courses are a poor match with education or training needs.

[(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals

with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from nontraditional, noncampus-based postsecondary education opportunities and appropriate support services.

[(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

[(4) Partnerships, consisting of institutions of higher education, community organizations, or other public or private agencies or organizations, can coordinate and combine institutional resources—

[(A) to provide the needed variety of education options to students; and

[(B) to develop new means of ensuring accountability and quality for innovative education methods.

[SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.

[(a) PURPOSE.—It is the purpose of this subpart to enhance the delivery, quality, and accountability of postsecondary education and career-oriented lifelong learning through technology and related innovations.

[(b) PROGRAM AUTHORIZED.—

[(1) GRANTS.—

[(A) IN GENERAL.—The Secretary may, from funds appropriated under section 420J make grants to, or enter into contracts or cooperative agreements with, eligible partnerships to carry out the authorized activities described in section 420G.

[(B) DURATION.—Grants under this subpart shall be awarded for periods that do not exceed 5 years.

[(2) DEFINITION OF ELIGIBLE PARTNERSHIP.—For purposes of this subpart, the term "eligible partnership" means a partnership consisting of 2 or more independent agencies, organizations, or institutions. The agencies, organizations, or institutions may include institutions of higher education, community organizations, and other public and private institutions, agencies, and organizations.

[SEC. 420F. APPLICATION.

[(a) REQUIREMENT.—An eligible partnership desiring to receive a grant under this subpart shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

[(b) CONTENTS.—Each application shall include—

[(1) the name of each partner and a description of the responsibilities of the partner, including the designation of a nonprofit organization as the fiscal agent for the partnership;

[(2) a description of the need for the project, including a description of how the project will build on any existing services and activities;

[(3) a listing of human, financial (other than funds provided under this subpart), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources; and

[(4) a description of how the project will operate, including how funds awarded under this subpart will be used to meet the purpose of this subpart.

[SEC. 420G. AUTHORIZED ACTIVITIES.

[Funds awarded to an eligible partnership under this subpart shall be used to—

[(1) develop and assess model distance learning programs or innovative educational software;

[(2) develop methodologies for the identification and measurement of skill competencies;

[(3) develop and assess innovative student support services; or

[(4) support other activities that are consistent with the purpose of this subpart.

[SEC. 420H. MATCHING REQUIREMENT.

[Federal funds shall provide not more than 50 percent of the cost of a project under this subpart. The non-Federal share of project costs may be in cash or in kind, fairly evaluated, including services, supplies, or equipment.

[SEC. 420I. PEER REVIEW.

[The Secretary shall use a peer review process to review applications under this subpart and to make recommendations for funding under this subpart to the Secretary.

[SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this subpart $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. STATEMENT OF PURPOSE; NONDISCRIMINATION; AND APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part—

(1) * * *

* * * * * * *

(5) there are authorized to be appropriated such sums as may be necessary for the purpose of paying [an administrative cost allowance] *a loan processing and issuance fee* in accordance with section 428(f) to guaranty agencies.

Sums appropriated under paragraphs (1), (2), (4), and (5) of this subsection shall remain available until expended. No additional sums are authorized to be appropriated under paragraph (3) or (4) of this subsection by reason of the reenactment of such paragraphs by the Higher Education Amendments of 1986.

* * * * * * *

SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

(a) LIMITATIONS ON AMOUNTS OF LOANS COVERED BY FEDERAL INSURANCE.—The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed $2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, [2004] *2012*. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, [2008] *2016*.

* * * * * * *

SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.

(a) ANNUAL AND AGGREGATE LIMITS.—

(1) ANNUAL LIMITS.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) [$2,625] *$3,500*, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 481); and

* * * * * * *

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) [$3,500] *$4,500*; or

* * * * * * *

(2) AGGREGATE LIMITS.—(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

(i) $23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section [428A or 428B] *428B or 428H*; and

(ii) $65,500, in the case of any graduate or professional student (as defined by regulations of the Secretary) and (I) including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student), but (II) excluding loans made under section [428A or 428B] *428B or 428H*,

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

* * * * * * *

SEC. 427A. APPLICABLE INTEREST RATES.

(a) * * *

* * * * * * *

(k) INTEREST RATES FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998[, AND BEFORE JULY 1, 2006].—

(1) IN GENERAL.—Notwithstanding subsection (h) and subject to paragraph (2) of this subsection, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) * * *

* * * * * * *

(2) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding subsection (h), with respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] the applicable rate of interest for interest which accrues—

(A) * * *

* * * * * * *

(3) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] the applicable rate of interest shall be determined under paragraph (1)—

(A) * * *

* * * * * * *

(4) CONSOLIDATION LOANS *BEFORE JULY 1, 2006*.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after October 1, 1998, and before July 1, 2006, the applicable rate of interest shall be at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

(A) * * *

* * * * * * *

(5) CONSOLIDATION LOANS ON OR AFTER JULY 1, 2006.—

(A) BORROWER ELECTION.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after July 1, 2006, the applicable rate of interest shall, at the election of the borrower at the time of application for the loan, be either at the rate determined under subparagraph (B) or the rate determined under subparagraph (C).

(B) VARIABLE RATE.—Except as provided in subparagraph (D), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and, for such 12-month period, not be more than—

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

(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(C) FIXED RATE.—Except as provided in subparagraph (D), the rate determined under this subparagraph shall be determined for the duration of the term of the loan on the July 1 that is or precedes the date on which the application is received by an eligible lender, and shall be, for such duration, not more than—

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

(ii) 3.3 percent,

except that such rate shall not exceed 8.25 percent.

(D) CONSOLIDATION OF PLUS LOANS.—In the case of any such consolidation loan that is used to repay loans each of which was made under section 428B or was a Federal Direct PLUS Loan (or both), the rates determined under clauses (B) and (C) shall be determined—

(i) by substituting "3.1 percent" for "2.3 percent";

(ii) by substituting "4.1 percent" for "3.3 percent"; and

(iii) by substituting "9.0 percent" for "8.25 percent".

[(5)**]** *(6)* CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(l) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 2006.—

[(1) IN GENERAL.—Notwithstanding subsection (h), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 2006, the applicable rate of interest shall be 6.8 percent on the unpaid principal balance of the loan.

[(2) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after July 1, 2006, the applicable rate of interest shall be 7.9 percent on the unpaid principal balance of the loan.

[(3) CONSOLIDATION LOANS.—With respect to any consolidation loan under section 428C for which the application is received by an eligible lender on or after July 1, 2006, the applicable rate of interest shall be at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

[(A) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of 1 percent; or

[(B) 8.25 percent.]

[(m)] *(l)* LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

[(n)] *(m)* DEFINITIONS.—For the purpose of subsections (a) and (d) of this section—

(1) * * *

* * * * * * *

SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) FEDERAL INTEREST SUBSIDIES.—

(1) * * *

(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

(I) sets forth the loan amount for which the student shows financial need; and

(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; [and]

(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's driver's number, if any.

* * * * * * *

(E) For the purpose of subparagraphs (B) and (C) of this paragraph, any loan obtained by a student under section [428A or] 428H or a parent under section 428B of this Act or under any State-sponsored or private loan program for an academic year for which the determination is made may be used to offset the expected family contribution of the student for that year.

(3) AMOUNT OF INTEREST SUBSIDY.—(A)(i) * * *

* * * * * * *

(v) A lender may not receive interest on a loan for any period that precedes the date that is—

(I) in the case of a loan disbursed by check, 10 days before the first disbursement of the loan; [or]

(II) in the case of a loan disbursed by electronic funds transfer, 3 days before the first disbursement of the loan[.]*; or*

(III) in the case of a loan disbursed through an escrow agent, 3 days before the first disbursement of the loan.

* * * * * * *

(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—The period referred to in subparagraph (B) of para-

graph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, [2004] *2012*, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, [2008] *2016*.

* * * * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

(1) REQUIREMENTS OF INSURANCE PROGRAM.—Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Secretary determines that the student loan insurance program—

(A) authorizes the insurance in any academic year, as defined in section 481(a)(2), or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) [$2,625] *$3,500*, if such student is enrolled in a program whose length is at least one academic year in length; and

* * * * * * *

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) [$3,500] *$4,500*; or

* * * * * * *

(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount up to a maximum of—

(i) $23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section [428A or 428B] *428B or 428H*; and

(ii) $65,500, in the case of any graduate or professional student (as defined by regulations of the Secretary), and (I) including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student, but (II) ex-

cluding loans made under section [428A or 428B] *428B or 428H*,

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;

* * * * * * *

(G) insures 98 percent of the unpaid principal of loans insured under the program, except that such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(j) or 439(q) *and 100 percent of the unpaid principal amount of exempt claims as defined in subsection (c)(1)(G), except, for any loan for which the first disbursement of principal is made on or after July 1, 2006, the preceding provisions of this subparagraph shall be applied by substituting "96 percent" for "98 percent"*;

[(H) provides for collection of a single insurance premium equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;]

(H) provides—

(i) for loans for which the first disbursement of principal is made before July, 1, 2006, for the collection of a single insurance premium equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders; or

(ii) for loans for which the first disbursement of principal is made on or after July 1, 2006, for the collection and deposit into the Federal Student Loan Reserve Fund under section 422A of a Federal default fee of 1.0 percent of the principal amount of such loan, which shall be deducted proportionately from each installment payment of the proceeds of the loan to the borrower prior to payment to the borrower, and insures that the proceeds of the Federal default fee will not be used for incentive payments to lenders;

* * * * * * *

(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) * * *

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment, except that no borrower who provides evidence of eligibility for unemployment benefits shall be required to provide additional paperwork for a deferment under this clause; [or]

(iii) not in excess of 3 years during which the borrower—

(I) is serving on active duty during a war or other military operation or national emergency; or

(II) is performing qualifying National Guard duty during a war or other military operation or national emergency; or

[(iii)] *(iv)* not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 435(o), has caused or will cause the borrower to have an economic hardship;

(N) provides that funds borrowed by a student—

(i) are disbursed to the institution *(including an eligible foreign institution, except as provided in clause (ii))* by check or other means that is payable to, and requires the endorsement or other certification by, such student; or

(ii) in the case of a student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled [or at an eligible foreign institution], are, at the request of the student, disbursed directly to the student by the means described in clause (i), unless such student requests that the check be endorsed, or the funds transfer authorized, pursuant to an authorized power-of-attorney;

* * * * * * *

(Q) provides for the guarantee of loans made to students and parents under [sections 428A and 428B] *section 428B or 428H*;

* * * * * * *

(7) REPAYMENT PERIOD.—(A) In the case of a loan made under section 427 or 428, the repayment period shall exclude any period of authorized deferment or forbearance and [shall begin—

[(i) the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); or

[(ii) on an earlier date if the borrower requests and is granted a repayment schedule that provides for repayment to commence at an earlier date.] *shall begin the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution).*

* * * * * * *

(C) In the case of a loan made under section [428A, 428B,] *428B* or 428C, the repayment period shall begin on the day the loan is disbursed, or, if the loan is disbursed in multiple installments, on the day of the last such disbursement, and shall exclude any period of authorized deferment or forbearance.

* * * * * * *

(9) REPAYMENT PLANS.—

(A) DESIGN AND SELECTION.—In accordance with regulations promulgated by the Secretary, the lender shall offer

a borrower of a loan made under this part the plans described in this subparagraph for repayment of such loan, including principal and interest thereon. No plan may require a borrower to repay a loan in less than 5 years unless the borrower, during the 6 months immediately preceding the start of the repayment period, specifically requests that repayment be made over of a shorter period. The borrower may choose from—

(i) * * *

(ii) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years*, and the Secretary may not restrict the proportions or ratios by which such payments may be graduated with the informed agreement of the borrower*;

(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed 10 years, except that the borrower's scheduled payments shall not be less than the amount of interest due; [and]

(iv) a delayed repayment plan under which the borrower makes scheduled payments for not more than 2 years that are annually not less than the amount of interest due or $600, whichever is greater, and then makes payments in accordance with clause (i), (ii), or (iii); and

[(iv)] *(v)* for new borrowers on or after the date of enactment of the Higher Education Amendments of 1998 who accumulate (after such date) outstanding loans under this part totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years, except that the borrower shall repay annually a minimum amount determined in accordance with paragraph (1)(L)(i).

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall, be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 95 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. A guaranty agency shall file a claim for reimbursement with respect to losses under this subsection within [45]

30 days after the guaranty agency discharges its insurance obligation on the loan.

* * * * * * *

(G)(i) Notwithstanding any other provisions of this section, in the case of exempt claims, the Secretary shall apply the provisions of—

(I) the fourth sentence of subparagraph (A) by substituting "100 percent" for "95 percent";

(II) subparagraph (B)(i) by substituting "100 percent" for "85 percent"; and

(III) subparagraph (B)(ii) by substituting "100 percent" for "75 percent".

(ii) For purposes of clause (i) of this subparagraph, the term "exempt claims" means claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender's or the institution's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits thereon.

(H) Notwithstanding subparagraphs (A) and (B), but subject to subparagraphs (E) and (F), in the case of a loan for which the first disbursement of principal is made on or after July 1, 2006, the Secretary shall apply—

(i) the fourth sentence of subparagraph (A) by substituting "93 percent" for "95 percent";

(ii) subparagraph (B)(i) by substituting "83 percent" for "85 percent"; and

(iii) subparagraph (B)(ii) by substituting "73 percent" for "75 percent".

[(G)**]** *(I)* Notwithstanding any other provision of this section, the Secretary shall exclude a loan made pursuant to a lender-of-last-resort program when making reimbursement payment calculations under subparagraphs (B) and (C).

(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to ensure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program, including *(i)* a requirement that each beneficiary of insurance on the loan submit proof that the institution was contacted and other reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known) *and (ii) requirements establishing procedures to preclude consolidation lending from being an excessive proportion of guaranty agency recoveries on defaulted loans under this part*;

* * * * * * *

(D) shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to para-

graph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with paragraph [(6)] *(6)(A)*) to represent his equitable share thereof, but (i) shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for the purpose of paragraph (8); and (ii) except as the Secretary may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan;

* * * * * * *

(3) FORBEARANCE.—A guaranty agreement under this subsection—

(A) shall contain provisions providing that—

(i) upon request, a lender shall grant a borrower forbearance, renewable at 12-month intervals, on terms agreed to [in writing] by the parties to the loan with the approval of the insurer, and otherwise consistent with the regulations of the Secretary, if the borrower—

(I) * * *

* * * * * * *

(6) SECRETARY'S EQUITABLE SHARE.—*(A)* For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

[(A)] *(i)* a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

[(B)] *(ii)* an amount equal to 24 percent of such payments for use in accordance with section 422B, except that, beginning on October 1, 2003, this subparagraph shall be applied by substituting "23 percent" for "24 percent".

(B) A guaranty agency shall—

(i) on or after October 1, 2006—

(I) not charge the borrower collection costs in an amount in excess of 18.5 percent of the outstanding principal and interest of a defaulted loan that is paid off through consolidation by the borrower under this title; and

(II) remit to the Secretary a portion of the collection charge under subclause (I) equal to 8.5 percent of the outstanding principal and interest of such defaulted loan; and

(ii) on and after October 1, 2009, remit to the Secretary the entire amount charged under clause (i)(I) with respect to each

defaulted loan that is paid off with excess consolidation proceeds.

(C) EXCESS CONSOLIDATION PROCEEDS.—For purposes of subparagraph (B), the term "excess consolidation proceeds" means, with respect to any guaranty agency for any Federal fiscal year beginning on or after October 1, 2009, the proceeds of consolidation of defaulted loans under this title that exceed 45 percent of the agency's total collections on defaulted loans in such Federal fiscal year.

* * * * * * *

(9) GUARANTY AGENCY RESERVE LEVEL.—(A) * * *

* * * * * * *

(K) The Secretary, within 3 months after the end of each fiscal year, shall submit to the [House Committee on Education and the Workforce and the Senate Committee on Labor and Human Resources] *authorizing committees* a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system.

* * * * * * *

(10) DOCUMENTATION OF FORBEARANCE AGREEMENTS.—For the purposes of paragraph (3), the terms of forbearance agreed to by the parties shall be documented by confirming the agreement of the borrower by notice to the borrower from the lender, and by recording the terms in the borrower's file.

* * * * * * *

(g) ACTION ON INSURANCE PROGRAM AND GUARANTY AGREEMENTS.—If a nonprofit private institution or organization—

(1) applies to enter into an agreement with the Secretary under subsections (b) and (c) with respect to a student loan insurance program to be carried on in a State with which the Secretary does not have an agreement under subsection (b), and

(2) as provided in the application, undertakes to meet the requirements of section 422(c)(6)(B) (i), (ii), and (iii),

the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* of his actions.

* * * * * * *

(i) MULTIPLE DISBURSEMENT OF LOANS.—

(1) ESCROW ACCOUNTS ADMINISTERED BY ESCROW AGENT.—Any guaranty agency or eligible lender (hereafter in this subsection referred to as the "escrow agent") may enter into an agreement with any other eligible lender that is not an eligible institution or an agency or instrumentality of the State (hereafter in this subsection referred to as the "lender") for the purpose of authorizing disbursements of the proceeds of a loan to a student. Such agreement shall provide that the lender will pay the proceeds of such loans into an escrow account to be administered by the escrow agent in accordance with the provisions of paragraph (2) of this subsection. Such agreement may allow the lender to make payments into the escrow account in

amounts that do not exceed the sum of the amounts required for disbursement of initial or subsequent installments to borrowers and to make such payments not more than [21] *10* days prior to the date of the disbursement of such installment to such borrowers. Such agreement shall require the lender to notify promptly the eligible institution when funds are escrowed under this subsection for a student at such institution.

* * * * * * *

(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

(1) * * *

* * * * * * *

(4) REPORT REQUIRED.—The Secretary shall, at the conclusion of the pilot program under paragraph (3), provide a report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* on the impact of the blanket certificates of guaranty on program efficiency and integrity.

* * * * * * *

SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

(a) VOLUNTARY AGREEMENTS.—

(1) AUTHORITY.—Subject to paragraph (2), the Secretary may enter into a voluntary, flexible agreement with a guaranty agency under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement under such subsections, except that the Secretary may not waive—

(A) any statutory requirement pertaining to the terms and conditions attached to student loans or default claim payments made to lenders; [or]

(B) the prohibitions on inducements contained in section 428(b)(3) [unless the Secretary determines that such a waiver is consistent with the purposes of this section and is limited to activities of the guaranty agency within the State or States for which the guaranty agency serves as the designated guarantor.]*; or*

(C) the Federal default fee required by section 428(b)(1)(H) and the second sentence of section 428H(h).

[(2) SPECIAL RULE.—If the Secretary grants a waiver pursuant to paragraph (1)(B), any guaranty agency doing business within the affected State or States may request, and the Secretary shall grant, an identical waiver to such guaranty agency under the same terms and conditions (including service area limitations) as govern the original waiver.]

[(3)] *(2)* ELIGIBILITY.—During fiscal years 1999, 2000, and 2001, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies that had 1 or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of the Higher Education Amendments of 1998. Beginning in fiscal year 2002, any guaranty agency or consortium thereof

may enter into a voluntary flexible agreement with the Secretary.

[(4)] *(3)* REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

(A) * * *

(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency [and any waivers provided to other guaranty agencies under paragraph (2)];

* * * * * * *

(c) PUBLIC NOTICE.—

(1) * * *

(2) AGREEMENT NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Member of the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* not later than 30 days prior to concluding an agreement under this section. The notice shall contain—

(A) * * *

* * * * * * *

[(3) WAIVER NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 30 days prior to the granting of a waiver pursuant to subsection (a)(2) to a guaranty agency that is not a party to a voluntary flexible agreement.]

(3) NOTICE TO INTERESTED PARTIES.—Once the Secretary reaches a tentative agreement in principle under this section, the Secretary shall publish in the Federal Register a notice that invites interested parties to comment on the proposed agreement. The notice shall state how to obtain a copy of the tentative agreement in principle and shall give interested parties no less than 30 days to provide comments. The Secretary may consider such comments prior to providing the notices pursuant to paragraph (2).

* * * * * * *

(5) MODIFICATION NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Members of the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* 30 days prior to any modifications to an agreement under this section.

* * * * * * *

SEC. 428B. FEDERAL PLUS LOANS.

(a) AUTHORITY TO BORROW.—

(1) AUTHORITY AND ELIGIBILITY.—Parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

(A) the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; [and]

(B) the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance[.]*; and*

(C) if either of the parents has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, such parent has completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud.

* * * * * * *

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) * * *

* * * * * * *

(3) DEFINITION OF ELIGIBLE BORROWER.—(A) For the purpose of this section, the term "eligible borrower" means a borrower who—

(i) * * *

(ii) at the time of application for a consolidation loan—

(I) is in repayment status *as determined under section 428(b)(7)(A)*;

* * * * * * *

(B)(i) An individual's status as an eligible borrower under this section *or under section 455(g)* terminates *under both sections* upon receipt of a consolidation loan under this section *or under section 455(g)*, except that—

(I) * * *

* * * * * * *

(III) loans received following the making of the consolidation loan may be added during the 180-day period following the making of the consolidation loan; [and]

(IV) loans received prior to the date of the first consolidation loan may be added to a subsequent consolidation loan[.]*; and*

(V) an individual may obtain a subsequent consolidation loan under section 455(g) only for the purposes of obtaining an income contingent repayment plan, and only if the loan has been submitted to the guaranty agency for default aversion.

(ii) Loans made under this section shall, to the extent used to pay off the outstanding principal balance on loans made under this title, excluding capitalized interest, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2), 428(b)(1)(B), 428H(d), 455, and 464(a)(2)(B).

[(C)(i) A married couple, each of whom has eligible student loans, may be treated as if such couple were an individual borrowing under subparagraphs (A) and (B) if such couple agrees to be held jointly and severally liable for the repayment of a consolidation loan, without regard to the amounts of the respective loan obligations that are to be consolidated, and without regard to any subsequent change that may occur in such couple's marital status.

[(ii) Only one spouse in a married couple applying for a consolidation loan under this subparagraph need meet any of the requirements of subsection (b) of this section, except that each spouse shall—

[(I) individually make the initial certification that no other application is pending in accordance with subsection (b)(1)(A); and

[(II) agree to notify the holder concerning any change of address in accordance with subsection (b)(4).]

* * * * * * *

(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

(1) AGREEMENTS WITH LENDERS.—Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan under this section [and (i) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, except that this clause shall not apply in the case of a borrower with multiple holders of loans under this part, or (ii) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan with income-sensitive repayment terms from the holders of the outstanding loans of that borrower (which are so selected for consolidation);] *and that, if all the borrower's loans under this part are held by a single holder, the borrower has notified such holder that the borrower is seeking to obtain a consolidation loan under this section;*

* * * * * * *

(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the annual or aggregate principal amount for all insured loans made to a borrower, in an amount [(i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(3), and (ii)] which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all eligible student loans re-

ceived by the eligible borrower which are selected by the borrower for consolidation;

* * * * * * *

(E) that the lender shall offer an income-sensitive repayment schedule, established by the lender in accordance with the regulations promulgated by the Secretary, to the borrower of any consolidation loan made by the lender on or after July 1, 1994; [and]

(F) that the lender of the consolidation loan shall, upon application for such loan, provide the borrower with a clear and conspicuous notice of at least the following information:

(i) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

(ii) the effects of consolidation on a borrower's underlying loan benefits, including loan forgiveness, cancellation, deferment, and reduced interest rates on those underlying loans;

(iii) the ability of the borrower to prepay the loan, pay on a shorter schedule, and to change repayment plans;

(iv) that borrower benefit programs may vary among different loan holders, and a description of how the borrower benefits may vary among different loan holders;

(v) the tax benefits for which borrowers may be eligible;

(vi) the consequences of default; and

(vii) that by making the application the applicant is not obligated to agree to take the consolidation loan; and

[(F)] *(G)* such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

* * * * * * *

(5) DIRECT LOANS.—[In the event that a borrower is unable to obtain a consolidation loan from a lender with an agreement under subsection (a)(1), or is unable to obtain a consolidation loan with income-sensitive repayment terms acceptable to the borrower from such a lender, the Secretary shall offer any such borrower who applies for it, a direct consolidation loan.] *In the event that a lender with an agreement under subsection (a)(1) of this section denies a consolidation loan application submitted to it by an eligible borrower under this section, or denies an application submitted to it by such a borrower for a consolidation loan with income-sensitive repayment terms, the Secretary shall offer any such borrower who applies for it, a direct consolidation loan. The Secretary shall offer such a loan to a borrower who has defaulted, for the purpose of resolving the default.* Such direct consolidation loan shall, as requested by the borrower, be repaid either pursuant to income contingent repayment under part D of this title or pursuant to any other repayment provision under this section. The Secretary shall not offer such loans if, in the Secretary's judgment, the Department of

Education does not have the necessary origination and servicing arrangements in place for such loans.

* * * * * * *

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) INTEREST RATE.—(A) Notwithstanding subparagraphs (B) and (C), with respect to any loan made under this section for which the application is received by an eligible lender—

(i) * * *

(ii) on or after July 1, 2006, the applicable interest rate shall be determined under ⟦section 427A(l)(3)⟧ *section 427A(k)(5)*.

* * * * * * *

(e) TERMINATION OF AUTHORITY.—The authority to make loans under this section expires at the close of September 30, ⟦2004⟧ *2012*. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b). Loans made under this section which are insured by the Secretary shall be considered to be new loans made to students for the purpose of section 424(a).

* * * * * * *

SEC. 428F. DEFAULT REDUCTION PROGRAM.

(a) OTHER REPAYMENT INCENTIVES.—

(1) SALE OF LOAN.—

(A) Each guaranty agency shall enter into an agreement with the Secretary which shall provide that upon securing ⟦consecutive payments for 12 months⟧ *9 payments made within 20 days of the due date during 10 consecutive months* of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of section 428(c), the guaranty agency (pursuant to an agreement with the Secretary) or the Secretary shall, if practicable, sell the loan to an eligible lender. Such loan shall not be sold to an eligible lender who has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part. Neither the guaranty agency nor the Secretary shall demand from a borrower as monthly payment amounts referred to in this paragraph more than is reasonable and affordable based upon the borrower's total financial circumstances.

* * * * * * *

(C) A guaranty agency may charge the borrower and retain collection costs in an amount not to exceed 18.5 percent of the outstanding principal and interest at the time of sale of a loan rehabilitated under subparagraph (A).

⟦(C)⟧ *(D)* A loan which does not meet the requirements of subparagraph (A) may also be eligible for sale under this paragraph upon a determination that the loan was in default due to clerical or data processing error and would not, in the absence of such error, be in a delinquent status.

* * * * * * *

(c) FINANCIAL AND ECONOMIC LITERACY.—Where appropriate, each program described under subsection (b) shall include making available financial and economic education materials for the borrower.

SEC. 428G. REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS.

(a) * * *

* * * * * * *

(c) METHOD OF MULTIPLE DISBURSEMENT.—Disbursements under subsection (a)—

(1) * * *

(2) may be made directly by the lender or, in the case of a loan under sections 428 and **[**428A**]** *428H*, may be disbursed pursuant to the escrow provisions of section 428(i); and

* * * * * * *

(e) EXCLUSION OF CONSOLIDATION AND FOREIGN STUDY LOANS.—The provisions of this section shall not apply in the case of a loan made under section 428C**[**, made to a student to cover the cost of attendance at an eligible institution outside the United States,**]** or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent.

* * * * * * *

SEC. 428H. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

(a) * * *

* * * * * * *

(d) LOAN LIMITS.—

(1) * * *

(2) ANNUAL LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.—The maximum annual amount of loans under this section an independent student (or a student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year (as defined in section 481(a)(2)) or its equivalent shall be the amount determined under paragraph (1), plus—

(A) * * *

* * * * * * *

(C) in the case of such a student who is a graduate or professional student attending an eligible institution, **[**$10,000**]** *$12,000*; and

* * * * * * *

(e) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) * * *

* * * * * * *

[(6) REPAYMENT PERIOD.—For purposes of calculating the repayment period under section 428(b)(9), such period shall commence at the time the first payment of principal is due from the borrower.**]**

(6) TIME LIMITS ON BILLING INTEREST.—A lender may not receive interest on a loan under this section from a borrower for

any period that precedes the dates described in section 428(a)(3)(A)(v).

* * * * * * *

(h) INSURANCE PREMIUM.—Each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) may charge a borrower under this section an insurance premium equal to not more than 1.0 percent of the principal amount of the loan, if such premium will not be used for incentive payments to lenders. *In lieu of the insurance premium authorized under the preceding sentence, and effective for loans for which the first disbursement of principal is made on or after July 1, 2006, each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall collect and deposit into the Federal Student Loan Reserve Fund under section 422A a Federal default fee of 1.0 percent of the principal amount of the loan, obtained by deduction proportionately from each installment payment of the proceeds of the loan to the borrower.*

[SEC. 428I. SPECIAL INSURANCE AND REINSURANCE RULES.

[(a) DESIGNATION OF LENDERS, SERVICERS, AND GUARANTY AGENCIES.—

[(1) AUTHORITY.—Whenever the Secretary determines that an eligible lender, servicer, or guaranty agency has a compliance performance rating that equals or exceeds 97 percent, the Secretary shall designate the eligible lender, servicer, or guaranty agency, as the case may be, for exceptional performance. The Secretary shall notify each appropriate guaranty agency of the eligible lenders and servicers designated under this section.

[(2) COMPLIANCE PERFORMANCE RATING.—For purposes of paragraph (1), a compliance performance rating is determined with respect to compliance with due diligence in the collection of loans under this part for each year for which the determination is made. Such rating is equal to the percent of all due diligence requirements applicable to each loan, on average, as established by the Secretary by regulation, with respect to—

[(A) loans serviced during the period by the eligible lender or servicer; or

[(B) loans on which loan collection was attempted by the guaranty agency.

[(b) PAYMENT TO LENDERS AND SERVICERS.—

[(1) 100 PERCENT PAYMENT RULE.—Each guaranty agency shall pay each eligible lender or servicer (as agent for an eligible lender) designated under subsection (a) 100 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or servicer for the one-year period following the receipt by the guaranty agency of the notification of designation under this section or until the guaranty agency receives notice from the Secretary that the designation of the lender or servicer under subsection (a) has been revoked.

[(2) REVOCATION AUTHORITY.—The Secretary shall revoke the designation of a lender or servicer under subsection (a) if any quarterly audit required under subsection (c)(5) is not received by the Secretary by the date established by the Sec-

retary or if the audit indicates the lender or servicer failed to maintain 97 percent or higher compliance with program regulations, as reflected in the performance of not less than 97 percent of all due diligence requirements applicable to each loan, on average, as established by the Secretary for the purpose of this section, for 2 consecutive months or 90 percent for 1 month.

[(3) DOCUMENTATION.—Nothing in this section shall restrict or limit the authority of guaranty agencies to require the submission of claims documentation evidencing servicing performed on loans, except that the guaranty agency may not require greater documentation than that required for lenders and servicers not designated under subsection (a).

[(4) PAYMENTS TO GUARANTY AGENCIES.—The Secretary shall pay to each guaranty agency designated under subsection (a) the appropriate percentage under this subsection for the 1-year period following the receipt by the guaranty agency of the notification of designation under subsection (a).

[(c) SUPERVISION OF DESIGNATED LENDERS AND SERVICERS.—

[(1) AUDITS FOR LENDERS AND SERVICERS.—Each eligible lender or servicer desiring a designation under subsection (a) shall have a financial and compliance audit of the loan portfolio of such eligible lender or servicer conducted annually by a qualified independent organization from a list of qualified organizations promulgated by the Secretary in accordance with standards established by the Comptroller General and the Secretary. The standards shall measure the lender's or servicer's compliance with the due diligence standards and shall include a defined statistical sampling technique designed to measure the performance rating of the eligible lender or servicer for the purpose of this section. Each eligible lender or servicer shall submit the audit required by this section to the Secretary and to each appropriate guaranty agency.

[(2) ADDITIONAL INFORMATION ON LENDERS AND SERVICERS.—Each appropriate guaranty agency shall provide the Secretary with such other information in its possession regarding an eligible lender or servicer desiring designation as may relate to the Secretary's determination under subsection (a), including but not limited to any information suggesting that the application of a lender or servicer for designation under subsection (a) should not be approved.

[(3) SECRETARY'S DETERMINATIONS.—The Secretary shall make the determination under subsection (a) based upon the audits submitted under this section, such other information as provided by any guaranty agency under paragraph (2), and any information in the possession of the Secretary or submitted by any other agency or office of the Federal Government. If the results of the audit are not persuasively rebutted by such other information, the Secretary shall inform the eligible lender or servicer and the appropriate guaranty agency that its application for designation as an exceptional lender or servicer has been approved.

[(4) COST OF AUDIT.—Each eligible lender or servicer shall pay for all the costs of the audits required under this section.

[(5) COMPLIANCE AUDIT.—In order to maintain its status as an exceptional eligible lender or servicer, the lender or servicer shall undergo a quarterly compliance audit at the end of each quarter (other than the quarter in which status as an exceptional lender or servicer is established through a financial and compliance audit, as described in subsection (c)(1)), and submit the results of such audit to the Secretary and such appropriate guaranty agency. The compliance audit will review compliance with due diligence requirements for the period since the last audit.

[(6) LOSS OF DESIGNATION.—If the audit performed pursuant to paragraph (5) fails to meet the standards for designation as an exceptional lender or servicer under subsection (a)(1), the lender or servicer shall lose its designation as an exceptional lender or servicer. A lender or servicer receiving a compliance audit not meeting the standard for designation as an exceptional lender or servicer may reapply for designation under subsection (a) at any time.

[(7) DUE DILIGENCE STANDARDS.—Due diligence standards used for determining compliance under paragraph (5) shall be promulgated by the Secretary after consultation with lenders, guaranty agencies and servicers and shall consist of a list of specific elements for the Federal regulations selected to provide an indication of systems degradation.

[(8) ADDITIONAL REVOCATION AUTHORITY.—Notwithstanding any other provision of this section, designation under subsection (a) may be revoked at any time by the Secretary if the Secretary determines that the eligible lender or servicer has failed to maintain an overall level of regulatory compliance consistent with the audit submitted by the eligible lender or servicer under this section or if the Secretary believes the lender or servicer may have engaged in fraud in securing designation under subsection (a) or is failing to service loans in accordance with program regulations.

[(d) SUPERVISION OF DESIGNATED GUARANTY AGENCIES.—

[(1) AUDIT OF GUARANTY AGENCIES.—Each guaranty agency desiring a designation under subsection (a) shall have a financial and compliance audit of the defaulted loan portfolio of such guaranty agency conducted annually by a qualified independent organization or person from a list of qualified organizations or persons promulgated by the Secretary in accordance with standards established by the Comptroller General and the Secretary. The standards shall include defined statistical sampling techniques designed to measure the performance rating of the guaranty agency for the purpose of this section. Each guaranty agency shall submit the audit required by this paragraph to the Secretary.

[(2) QUARTERLY SAMPLE AUDITS.—The Secretary may require quarterly sample audits as a means of determining continued qualification of the guaranty agency for designation as an exceptional guaranty agency.

[(3) SECRETARY'S DETERMINATIONS.—The Secretary shall make the determination under subsection (a) based upon the audits submitted under this section and other information in his possession. If the results of the audit are not persuasively

rebutted by such other information, the Secretary shall inform the guaranty agency that its application for designation as an exceptional guaranty agency has been approved.

[(4) COSTS OF AUDITS.—Each guaranty agency shall pay for all of the costs of the audits regulated by this section.

[(5) REVOCATION FOR FRAUD.—The Secretary may revoke the designation of a guaranty agency under subsection (a) at any time if the Secretary has reason to believe the guaranty agency secured its designation under subsection (a) through fraud or fails to comply with applicable regulations.

[(6) REVOCATION BASED ON PERFORMANCE.—Designation as an exceptional guaranty agency may be revoked at any time by the Secretary upon 30 days notice and an opportunity for a hearing before the Secretary upon a finding by the Secretary that the guaranty agency has failed to maintain an acceptable overall level of regulatory compliance.

[(e) SPECIAL RULE.—Reimbursements made by the Secretary on loans submitted for claim by an eligible lender or loan servicer designated for exceptional performance under this section shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, loan servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

[(f) LIMITATION.—Nothing in this section shall be construed to affect the processing of claims on student loans of eligible lenders not subject to this paragraph.

[(g) CLAIMS.—A lender, servicer, or guaranty agency designated under subsection (a) failing to service loans or otherwise comply with applicable program regulations shall be considered in violation of section 3729 of title 31, United States Code,.

[(h) EVALUATION.—Not later than 3 years after the date of enactment of this Act, the Comptroller General shall submit to the Chairman of the Senate Labor and Human Resources Committee and the House Committee on Education and Labor, an evaluation of the provisions of this section including, but not limited to, the following:

[(1) The effectiveness of due diligence performed by lenders and servicers receiving designation as exceptional lenders or servicers from the perspective of securing maximum collections from borrowers.

[(2) A quantification of the dollar volume of claims that were paid to exceptional lenders and servicers that would not have been paid under applicable program provisions prior to the enactment of this section.

[(3) An assessment of the impact of this section on the financial condition of guaranty agencies.

[(4) An assessment of the savings to lenders, servicers, and guaranty agencies resulting from designation as exceptional performance.

[(5) An identification of specific administration steps that lenders, servicers, and guaranty agencies do not have to perform as a result of designation as exceptional lenders, servicers, or guaranty agencies.

[(6) A recommendation for program modifications applicable to all program participants based on the findings of the evaluation.

[(7) A recommendation for modifications to this section and whether the program should be continued.

[(i) TERMINATION.—After receipt of the study authorized in subsection (h), the Secretary may terminate such program if he determines such termination to be in the fiscal interest of the United States.

[(j) DEFINITIONS.—For the purpose of this section—

[(1) the term "due diligence requirements" means the activities required to be performed by lenders on delinquent loans pursuant to regulations issued by the Secretary;

[(2) the term "eligible loan" means a loan made, insured or guaranteed under part B of title IV;

[(3) the term "servicer" means an entity servicing and collecting student loans which—

[(A) has substantial experience in servicing and collecting consumer loans or student loans;

[(B) has an independent financial audit annually which is furnished to the Secretary and any other parties designated by the Secretary;

[(C) has business systems which are capable of meeting the requirements of part B of title IV;

[(D) has adequate personnel who are knowledgeable about the student loan programs authorized by part B of title IV; and

[(E) does not have any owner, majority shareholder, director, or officer of the entity who has been convicted of a felony.]

SEC. 428I. SPECIAL INSURANCE AND REINSURANCE RULES FOR EXCEPTIONAL PERFORMANCE.

(a) DESIGNATION OF LENDERS AND SERVICERS.—

(1) IN GENERAL.—Whenever the Secretary determines that an eligible lender or servicer meets the performance measures required by paragraph (2), the Secretary shall designate that eligible lender or servicer, as the case may be, for exceptional performance. The Secretary shall notify each appropriate guaranty agency of the eligible lenders and servicers designated under this section.

(2) PERFORMANCE MEASURES.—

(A) In determining whether to award a lender or servicer the exceptional performance designation, the Secretary shall require that the lender or servicer be performing at or above the 95 percentile of the industry, and demonstrate improved performance against the lender's or service's average of the last 3 years on the factors described in subparagraph (B).

(B) The factors on which the Secretary shall require improvement shall include—

(i) delinquency rates;

(ii) the rate at which delinquent accounts are restored to good standing;

(iii) default rates;

(iv) the rate of rejected claims; and

(v) any other such measures as determined by the Secretary.

(C) In addition, the Secretary shall not make any award of such a designation unless the consequence of the designation is cost-neutral to the Federal Government.

(3) ADDITIONAL INFORMATION ON LENDERS AND SERVICERS.—Each appropriate guaranty agency shall provide the Secretary with such other information in its possession regarding an eligible lender or servicer desiring designation as may relate to the Secretary's determination under paragraph (1), including but not limited to any information suggesting that the application of a lender or servicer for designation should not be approved.

(4) DETERMINATIONS BY THE SECRETARY.—

(A) The Secretary shall designate an eligible lender or servicer for exceptional performance if the eligible lender or servicer meets the performance measures required by paragraph (2).

(B) The Secretary shall make the determination under paragraph (1) based upon the documentation submitted by the eligible lender or servicer as specified in regulation, such other information as provided by any guaranty agency under paragraph (3), and any information in the possession of the Secretary or submitted by any other agency or office of the Federal Government.

(C) The Secretary shall inform the eligible lender or servicer and the appropriate guaranty agency that its application for designation as an exceptional performance lender or servicer has been approved or disapproved.

(5) TRANSITION.—

(A) Any eligible lender or servicer designated for exceptional performance as of the day before the date of enactment of the College Access and Opportunity Act of 2005 shall continue to be so designated, and subject to the requirements of this section as in effect on that day (including revocation), until the performance standards described in paragraph (2) are established.

(B) The Secretary shall not designate any additional eligible lenders or servicers for exceptional performance until those performance standards are established.

(b) PAYMENT TO LENDERS AND SERVICERS.—A guaranty agency shall pay, to each eligible lender or servicer (as agent for an eligible lender) designated under subsection (a), 98 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or servicer for the one-year period following the receipt by the guaranty agency of the notification of designation under this section, or until the guaranty agency receives notice from the Secretary that the designation of the lender or servicer under subsection (a)(2) has been revoked.

(c) REVOCATION AUTHORITY.—

(1) The Secretary shall revoke the designation of a lender or a servicer under subsection (a) if the Secretary determines that the lender or servicer has failed to meet the performance standards required by subsection (a)(2).

(2) Notwithstanding any other provision of this section, a designation under subsection (a) may be revoked at any time by the

Secretary, in the Secretary's discretion, if the Secretary determines that the eligible lender or servicer has failed to meet the criteria and performance standards established by the Secretary in regulation, or if the Secretary believes the lender or servicer may have engaged in fraud in securing designation under subsection (a), or is failing to service loans in accordance with program regulations.

(d) DOCUMENTATION.—Nothing in this section shall restrict or limit the authority of guaranty agencies to require the submission of claims documentation evidencing servicing performed on loans, except that the guaranty agency may not require greater documentation than that required for lenders and servicers not designated under subsection (a).

(e) SPECIAL RULE.—Reimbursements made by the Secretary on loans submitted for claim by an eligible lender or loan servicer designated for exceptional performance under this section shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender or loan servicer engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

(f) LIMITATION.—Nothing in this section shall be construed to affect the processing of claims on student loans of eligible lenders not subject to this section.

(g) CLAIMS.—A lender or servicer designated under subsection (a) failing to service loans or otherwise comply with applicable program regulations shall be considered in violation of section 3729 of title 31, United States Code.

(h) TERMINATION.—The Secretary may terminate the designation of lenders and servicers under this section if he determines that termination would be in the fiscal interest of the United States.

(i) DEFINITIONS.—As used in this section—

(1) the term "eligible loan" means a loan made, insured, or guaranteed under this part; and

(2) the term "servicer" means an entity servicing and collecting student loans that—

(A) has substantial experience in servicing and collecting consumer loans or student loans;

(B) has an independent financial audit annually which is furnished to the Secretary and any other parties designated by the Secretary;

(C) has business systems which are capable of meeting the requirements of this part;

(D) has adequate personnel who are knowledgeable about the student loan programs authorized by this part; and

(E) does not have any owner, majority shareholder, director, or officer of the entity who has been convicted of a felony.

SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

(a) * * *

(b) PROGRAM AUTHORIZED.—The Secretary shall carry out a program, through the holder of the loan, of assuming the obligation to repay a qualified loan amount for a loan made under section 428 or 428H, in accordance with subsection (c), for any new borrower on or after October 1, 1998, who—

(1) has been employed as a full-time teacher for 5 consecutive complete school years—

(A) * * *

(B) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 9101 of the Elementary Secondary Education Act of 1965*, or meets the requirements of subsection (g)(3)*; and

* * * * * * *

(c) QUALIFIED LOANS AMOUNT.—

(1) * * *

* * * * * * *

(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall be not more than $17,500 in the case of—

(A) a secondary school teacher—

(i) * * *

(ii) whose qualifying employment for purposes of such subsection is teaching mathematics or science on a full-time basis; **[**and**]**

(B) an elementary school or secondary school teacher—

(i) * * *

* * * * * * *

(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower's special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching**[**.**]***; and*

(C) an elementary or secondary school teacher who primarily teaches reading—

(i) who meets the requirements of subsection (b);

(ii) who has obtained a separate reading instruction credential from the State in which the teacher is employed; and

(iii) who is certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed to teach reading—

(I) as being proficient in teaching the essential components of reading instruction as defined in section 1208 of the Elementary and Secondary Education Act of 1965; and

(II) as having such credential.

* * * * * * *

(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

(1) * * *

(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State

certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (a)(1)(B), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher must be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test must equal or exceed the average passing score of those 5 States.

* * * * * * *

[SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

[(a) PURPOSE.—It is the purpose of this section—

[(1) to bring more highly trained individuals into the early child care profession; and

[(2) to keep more highly trained child care providers in the early child care field for longer periods of time.

[(b) DEFINITIONS.—In this section:

[(1) CHILD CARE FACILITY.—The term "child care facility" means a facility, including a home, that—

[(A) provides child care services; and

[(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

[(2) CHILD CARE SERVICES.—The term "child care services" means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.

[(3) DEGREE.—The term "degree" means an associate's or bachelor's degree awarded by an institution of higher education.

[(4) EARLY CHILDHOOD EDUCATION.—The term "early childhood education" means education in the areas of early child education, child care, or any other educational area related to child care that the Secretary determines appropriate.

[(5) INSTITUTION OF HIGHER EDUCATION.—Notwithstanding section 102, the term "institution of higher education" has the meaning given the term in section 101.

[(c) DEMONSTRATION PROGRAM.—

[(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (d), a loan made, insured, or guaranteed under this part or part D (excluding loans made under sections 428B and 428C or comparable loans made under part D) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

[(A) completes a degree in early childhood education;

[(B) obtains employment in a child care facility; and

[(C) has worked full time for the 2 consecutive years preceding the year for which the determination is made as a child care provider in a low-income community.

[(2) LOW-INCOME COMMUNITY.—For the purposes of this subsection, the term "low-income community" means a community in which 70 percent of households within the community earn less than 85 percent of the State median household income.

[(3) AWARD BASIS; PRIORITY.—

[(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

[(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

[(4) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

[(d) LOAN REPAYMENT.—

[(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

[(A) after the second consecutive year of employment described in subparagraphs (B) and (C) of subsection (c)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

[(B) after the third consecutive year of such employment, 20 percent of the total amount of all such loans; and

[(C) after each of the fourth and fifth consecutive years of such employment, 30 percent of the total amount of all such loans.

[(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

[(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

[(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

[(5) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

[(e) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

[(f) APPLICATION FOR REPAYMENT.—

[(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

[(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in qualifying employment unless the borrower is in deferment while so engaged.

[(g) EVALUATION.—

[(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

[(2) COMPETITIVE BASIS.—The grant or contract described in subsection (b) shall be awarded on a competitive basis.

[(3) CONTENTS.—The evaluation described in this subsection shall—

[(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

[(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

[(C) identify the barriers to the effectiveness of the program;

[(D) assess the cost-effectiveness of the program in improving the quality of—

[(i) early childhood education; and

[(ii) child care services;

[(E) identify the reasons why participants in the program have chosen to take part in the program;

[(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

[(G) identify the number of years each individual participates in the program.

[(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF NATIONAL NEED.

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

(1) to encourage highly trained individuals to enter and continue in service in areas of national need; and

(2) to reduce the burden of student debt for Americans who dedicate their careers to service in areas of national need.

(b) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized to carry out a program of assuming the obligation to repay, pursuant to paragraphs (2) of subsection (c) and subsection (d), a qualified loan amount for a loan made, insured, or guaranteed under this part or part D (other than loans made under section 428B and 428C and comparable loans made under part D), for any new borrower after the date of enactment of the College Access and Opportunity Act of 2005, who—

(A) has been employed full-time for at least 5 consecutive complete school, academic, or calendar years, as appropriate, in an area of national need described in subsection (c); and

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

(2) AWARD BASIS.—Loan repayment under this section shall be on a first-come, first-served basis pursuant to the designation under subsection (c) and subject to the availability of appropriations.

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

(c) AREAS OF NATIONAL NEED.—

(1) STATUTORY CATEGORIES.—For purposes of this section, an individual shall be treated as employed in an area of national need if the individual is employed full time and is any of the following:

(A) EARLY CHILDHOOD EDUCATORS.—An individual who is employed as an early childhood educator in an eligible preschool program or child care facility in a low-income community, and who is involved directly in the care, development and education of infants, toddlers, or young children through age five.

(B) NURSES.—An individual who is employed—

(i) as a nurse in a clinical setting; or

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

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

(i) in an elementary or secondary school as a teacher of a critical foreign language; or

(ii) in an agency of the United States Government in a position that regularly requires the use of such critical foreign language.

(D) LIBRARIANS.—An individual who is employed full-time as a libarian in—

(i) a public library that serves a geographic area within which the public schools have a combined average of 30 percent or more of their total student enrollments composed of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965; or

(ii) an elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

(E) HIGHLY QUALIFIED TEACHERS: BILINGUAL EDUCATION AND LOW-INCOME COMMUNITIES.—An individual who—

(i) is highly qualified as such term is defined in section 9101 of the Elementary and Secondary Education Act of 1965; and

(ii)(I) is employed as a full-time teacher of bilingual education; or

(II) is employed as a teacher for service in a public or nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 1113(a)(5) of the Elementary and Secondary Education Act of 1965 exceeds 40 percent of the total enrollment of that school.

(F) FIRST RESPONDERS IN LOW-INCOME COMMUNITIES.—An individual who—

(i) is employed as a firefighter, police officer, or emergency medical technician; and

(ii) serves as such in a low-income community.

(G) CHILD WELFARE WORKERS.—An individual who—

(i) has obtained a degree in social work or a related field with a focus on serving children and families; and

(ii) is employed in public or private child welfare services.

(H) SPEECH-LANGUAGE PATHOLOGISTS.—An individual who is a speech-language pathologist, who is employed in

an eligible preschool program or an elementary or secondary school, and who has, at a minimum, a graduate degree in speech-language pathology, or communication sciences and disorders.

(I) ADDITIONAL AREAS OF NATIONAL NEED.—An individual who is employed in an area designated by the Secretary under paragraph (2) and has completed a baccalaureate or advanced degree related to such area.

(2) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal, State, and community-based agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which—

(A) the national interest in the area is compelling;

(B) the area suffers from a critical lack of qualified personnel; and

(C) other Federal programs support the area concerned.

(d) QUALIFIED LOAN AMOUNT.—The Secretary shall repay not more than $5,000 in the aggregate of the loan obligation on a loan made under section 428 or 428H that is outstanding after the completion of the fifth consecutive school, academic, or calendar year, as appropriate, described in subsection (b)(1).

(e) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under section 428 or 428H.

(f) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

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

(h) DEFINITIONS.—In this section

(1) CHILD CARE FACILITY.—The term "child care facility" means a facility, including a home, that—

(A) provides for the education and care of children from birth through age 5; and

(B) meets any applicable State or local government licensing, certification, approval, or registration requirements.

(2) CRITICAL FOREIGN LANGUAGE.—The term "critical foreign language" includes the languages of Arabic, Korean, Japanese, Chinese, Pashto, Persian-Farsi, Serbian-Croatian, Russian, Portuguese, and any other language identified by the Secretary of Education, in consultation with the Defense Language Institute, the Foreign Service Institute, and the National Security Education Program, as a critical foreign language need.

(3) EARLY CHILDHOOD EDUCATOR.—The term "early childhood educator" means an early childhood educator employed in an eligible preschool program who has completed a baccalaureate or advanced degree in early childhood development, early childhood education, or in a field related to early childhood education.

(4) ELIGIBLE PRESCHOOL PROGRAM.—The term "eligible preschool program" means a program that provides for the care,

development, and education of infants, toddlers, or young children through age 5, meets any applicable State or local government licensing, certification, approval, and registration requirements, and is operated by—

(A) a public or private school that may be supported, sponsored, supervised, or administered by a local educational agency;

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

(C) a nonprofit or community based organization; or

(D) a child care program, including a home.

(5) LOW-INCOME COMMUNITY.—In this subsection, the term "low-income community" means a community in which 70 percent of households earn less than 85 percent of the State median household income.

(6) NURSE.—The term "nurse" means a nurse who meets all of the following:

(A) The nurse graduated from—

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

(ii) a nursing center; or

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

(B) The nurse holds a valid and unrestricted license to practice nursing in the State in which the nurse practices in a clinical setting.

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

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

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

(iii) A nursing degree from an associate degree school of nursing (as defined in section 801 of the Public Health Service Act (42 U.S.C. 296)).

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

(7) SPEECH-LANGUAGE PATHOLOGIST.—The term "speech-language pathologist" means a speech-language pathologist who meets all of the following:

(A) the speech-language pathologist has received, at a minimum, a graduate degree in speech-language pathology or communication sciences and disorders from an institution of higher education accredited by an agency or association recognized by the Secretary pursuant to section 496(a) of this Act; and

(B) the speech-language pathologist meets or exceeds the qualifications as defined in section 1861(ll) of the Social Security Act (42 U.S.C. 1395x).

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be nec-

essary for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

* * * * * * *

SEC. 430A. REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION.

(a) AGREEMENTS TO EXCHANGE INFORMATION.—For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 428, the Secretary, each guaranty agency, eligible lender, and subsequent holder shall enter into [agreements with credit bureau organizations] *an agreement with each national credit bureau organization (as described in section 603(p) of the Fair Credit Reporting Act)* to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary (concerning loans covered by Federal loan insurance), by a guaranty agency, eligible lender, or subsequent holder (concerning loans covered by a guaranty agreement), or to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary, the guaranty agency, eligible lender, or subsequent holder, as appropriate, to disclose to such organizations, with respect to any loan under this part that has not been repaid by the borrower—

(1) * * *

* * * * * * *

SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.

(a) * * *

* * * * * * *

(f) AUDIT OF FINANCIAL TRANSACTIONS.—

(1) COMPTROLLER GENERAL AND INSPECTOR GENERAL AUTHORITY.—The Comptroller General and the Inspector General of the Department of Education shall each have the authority to conduct an audit of the financial transactions of—

(A) * * *

* * * * * * *

(C) a representative sample of eligible lenders under this part, upon the request of the [Committee on Education and the Workforce of the House of Representatives or the Committee on Labor and Human Resources of the Senate] *either of the authorizing committees*, with respect to the payment of the special allowance under section 438 in order to evaluate the program authorized by this part.

* * * * * * *

(k) PROGRAM OF ASSISTANCE FOR BORROWERS.—

(1) IN GENERAL.—The Secretary shall undertake a program to encourage corporations and other private and public employers, including the Federal Government, to assist borrowers in repaying loans received under this title, including providing employers with options for payroll deduction of loan payments

[and offering loan repayment matching provisions as part of employee benefit packages.], *offering loan repayment matching provisions as part of employee benefit packages, and providing employees with financial and economic education and counseling.*

* * * * * * *

(l) UNIFORM ADMINISTRATIVE AND CLAIMS PROCEDURES.—

(1) IN GENERAL.—The Secretary shall, by regulation developed in consultation with guaranty agencies, lenders, institutions of higher education, secondary markets, students, third party servicers and other organizations involved in providing loans under this part, prescribe standardized forms and procedures regarding—

(A) * * *

* * * * * * *

(H) borrower status change *and anticipated graduation date*; and

* * * * * * *

(m) COMMON FORMS AND FORMATS.—

(1) COMMON GUARANTEED STUDENT LOAN APPLICATION FORM AND PROMISSORY NOTE.—

(A) * * *

(B) REQUIREMENTS.—The forms prescribed by the Secretary shall—

(i) use clear, concise, and simple language to facilitate understanding of loan terms and conditions by applicants; *and*

(ii) be formatted to require the applicant to clearly indicate a choice of lender[; and].

* * * * * * *

[(n) DEFAULT REDUCTION MANAGEMENT.—

[(1) AUTHORIZATION.—There are authorized to be appropriated $25,000,000 for fiscal year 1999 and each of the four succeeding fiscal years, for the Secretary to expend for default reduction management activities for the purposes of establishing a performance measure that will reduce defaults by 5 percent relative to the prior fiscal year. Such funds shall be in addition to, and not in lieu of, other appropriations made for such purposes.

[(2) ALLOWABLE ACTIVITIES.—Allowable activities for which such funds shall be expended by the Secretary shall include the following: (A) program reviews; (B) audits; (C) debt management programs; (D) training activities; and (E) such other management improvement activities approved by the Secretary.

[(3) PLAN FOR USE REQUIRED.—The Secretary shall submit a plan, for inclusion in the materials accompanying the President's budget each fiscal year, detailing the expenditure of funds authorized by this section to accomplish the 5 percent reduction in defaults. At the conclusion of the fiscal year, the Secretary shall report the Secretary's findings and activities concerning the expenditure of funds and whether the perform-

ance measure was met. If the performance measure was not met, the Secretary shall report the following:

[(A) why the goal was not met, including an indication of any managerial deficiencies or of any legal obstacles;

[(B) plans and a schedule for achieving the established performance goal;

[(C) recommended legislative or regulatory changes necessary to achieve the goal; and

[(D) if the performance standard or goal is impractical or infeasible, why that is the case and what action is recommended, including whether the goal should be changed or the program altered or eliminated.

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate.]

[(o)] *(n)* CONSEQUENCES OF GUARANTY AGENCY INSOLVENCY.—In the event that the Secretary has determined that a guaranty agency is unable to meet its insurance obligations under this part, the holder of loans insured by the guaranty agency may submit insurance claims directly to the Secretary and the Secretary shall pay to the holder the full insurance obligation of the guaranty agency, in accordance with insurance requirements no more stringent than those of the guaranty agency. Such arrangements shall continue until the Secretary is satisfied that the insurance obligations have been transferred to another guarantor who can meet those obligations or a successor will assume the outstanding insurance obligations.

[(p)] *(o)* REPORTING REQUIREMENT.—All officers and directors, and those employees and paid consultants of eligible institutions, eligible lenders, guaranty agencies, loan servicing agencies, accrediting agencies or associations, State licensing agencies or boards, and entities acting as secondary markets (including the Student Loan Marketing Association), who are engaged in making decisions as to the administration of any program or funds under this title or as to the eligibility of any entity or individual to participate under this title, shall report to the Secretary, in such manner and at such time as the Secretary shall require, on any financial interest which such individual may hold in any other entity participating in any program assisted under this title.

SEC. 433. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

(a) * * *

* * * * * * *

(e) SPECIAL DISCLOSURE RULES ON [SLS LOANS AND] PLUS LOANS AND UNSUBSIDIZED LOANS.—Loans made under sections [428A, 428B,] *428B* and 428H shall not be subject to the disclosure of projected monthly payment amounts required under subsection (b)(8) if the lender, in lieu of such disclosure, provides the borrower with sample projections of monthly repayment amounts assuming different levels of borrowing and interest accruals resulting from capitalization of interest while the borrower is in school. Such sample projections shall disclose the cost to the student of capitalizing—

(1) * * *

* * * * * * *

SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

As used in this part:

(a) ELIGIBLE INSTITUTION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the term "eligible institution" means an institution of higher education, as defined in section [102] *101*, except that, for the purposes of sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i), an eligible institution includes any institution that is within this definition without regard to whether such institution is participating in any program under this title and includes any institution ineligible for participation in any program under this part pursuant to paragraph (2) of this subsection.

* * * * * * *

(3) APPEALS BASED UPON ALLEGATIONS OF IMPROPER LOAN SERVICING.—An institution that—

(A) is subject to loss of eligibility for the Federal Family Education Loan Program pursuant to paragraph (2)(A) of this subsection; *or*

[(B) is subject to loss of eligibility for the Federal Supplemental Loans for Students pursuant to section 428A(a)(2); or]

[(C)] *(B)* is an institution whose cohort default rate equals or exceeds 20 percent for the most recent year for which data are available;

may include in its appeal of such loss or rate a defense based on improper loan servicing (in addition to other defenses). In any such appeal, the Secretary shall take whatever steps are necessary to ensure that such institution has access for a reasonable period of time, not to exceed 30 days, to a representative sample (as determined by the Secretary) of the relevant loan servicing and collection records used by a guaranty agency in determining whether to pay a claim on a defaulted loan or by the Department in determining an institution's default rate in the loan program under part D of this title. The Secretary shall reduce the institution's cohort default rate to reflect the percentage of defaulted loans in the representative sample that are required to be excluded pursuant to subsection (m)(1)(B).

* * * * * * *

(d) ELIGIBLE LENDER.—

(1) IN GENERAL.—Except as provided in paragraphs (2) through (6), the term "eligible lender" means—

(A) * * *

* * * * * * *

(G) for purposes of making loans under sections [428A(d), 428B(d), 428C,] *428B(d), 428C, 428H,* and 439(q), the Student Loan Marketing Association or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440;

* * * * * * *

[(2) ADDITIONAL REQUIREMENTS OF ELIGIBLE INSTITUTIONS.—To be an eligible lender under this part, an eligible institution—

[(A) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution;

[(B) shall not be a home study school;

[(C) shall make loans to not more than 50 percent of the undergraduate students at the institution;

[(D) shall not make a loan, other than a loan to a graduate or professional student, unless the borrower has previously received a loan from the school or has been denied a loan by an eligible lender;

[(E) shall not have a cohort default rate (as defined in section 435(m)) greater than 15 percent; and

[(F) shall use the proceeds from special allowance payments and interest payments from borrowers for need-based grant programs, except for reasonable reimbursement for direct administrative expenses;

except that the requirements of subparagraphs (C) and (D) shall not apply with respect to loans made, and loan commitments made, after the date of enactment of the Higher Education Amendments of 1986 and prior to July 1, 1987.]

(2) REQUIREMENTS FOR ELIGIBLE INSTITUTIONS.—

(A) IN GENERAL.—To be an eligible lender under this part, an eligible institution—

(i) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution;

(ii) shall not be a home study school;

(iii) shall not—

(I) make a loan to any undergraduate student;

(II) make a loan other than a loan under section 428 or 428H to a graduate or professional student; or

(III) make a loan to a borrower who is not enrolled at that institution;

(iv) shall award any contract for financing, servicing, or administration of loans under this title on a competitive basis;

(v) shall offer loans which carry an origination fee or an interest rate, or both, that are less than such fee or rate authorized under the provisions of this title;

(vi) shall not have a cohort default rate (as defined in section 435(m)) greater than 10 percent;

(vii) shall, for any year for which the institution engages in activities as an eligible lender, provide for a compliance audit conducted in accordance with section 428(b)(1)(U)(iii)(I), and the regulations thereunder, and submit the results of such audit to the Secretary; and

(viii) shall use any proceeds from special allowance payments and interest payments from borrowers, interest subsidies received from the Department of Edu-

cation, and any proceeds from the sale or other disposition of loans, for need-based grant programs.

(B) ADMINISTRATIVE EXPENSES.—An eligible lender under subparagraph (A) shall be permitted to use a portion of the proceeds described in subparagraph (A)(viii) for reasonable and direct administrative expenses.

(C) SUPPLEMENT, NOT SUPPLANT.—An eligible lender under subparagraph (A) shall ensure that the proceeds described in subparagraph (A)(viii) are used to supplement, and not to supplant, non-Federal funds that would otherwise be used for need-based grant programs.

* * * * * * *

(m) COHORT DEFAULT RATE.—

(1) IN GENERAL.—(A) Except as provided in paragraph (2), the term "cohort default rate" means, for any fiscal year in which 30 or more current and former students at the institution enter repayment on loans under section 428[, 428A,] or 428H, received for attendance at the institution, the percentage of those current and former students who enter repayment on such loans (or on the portion of a loan made under section 428C that is used to repay any such loans) received for attendance at that institution in that fiscal year who default before the end of the following fiscal year. The Secretary shall require that each guaranty agency that has insured loans for current or former students of the institution afford such institution a reasonable opportunity (as specified by the Secretary) to review and correct errors in the information required to be provided to the Secretary by the guaranty agency for the purposes of calculating a cohort default rate for such institution, prior to the calculation of such rate.

(2) SPECIAL RULES.—(A) * * *

* * * * * * *

(D) For the purposes of this subsection, a loan made in accordance with section [428A] *428H* (or the portion of a loan made under section 428C that is used to repay a loan made under section [428A] *428H*) shall not be considered to enter repayment until after the borrower has ceased to be enrolled in a course of study leading to a degree or certificate at an eligible institution on at least a half-time basis (as determined by the institution) and ceased to be in a period of forbearance based on such enrollment. Each eligible lender of a loan made under section [428A] *428H* (or a loan made under section 428C a portion of which is used to repay a loan made under section [428A] *428H*) shall provide the guaranty agency with the information necessary to determine when the loan entered repayment for purposes of this subsection, and the guaranty agency shall provide such information to the Secretary.

* * * * * * *

SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING CLOSED SCHOOLS OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW.

(a) REPAYMENT IN FULL FOR DEATH AND DISABILITY.—If a student borrower who has received a loan described in subparagraph

(A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan. *In making such determination of permanent and total disability, the Secretary shall provide that a borrower who has been certified as permanently and totally disabled by the Department of Veterans Affairs or the Social Security Administration shall not be required to present further documentation for purposes of this title.*

* * * * * * *

(c) DISCHARGE.—

(1) IN GENERAL.—If a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable to complete the program in which such student is enrolled due to the closure of the institution or if such student's eligibility *or parent's eligibility* to borrow under this part was falsely certified by the eligible institution, or if the institution failed to make a refund of loan proceeds which the institution owed to such student's lender, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals or settle the loan obligation pursuant to the financial responsibility authority under subpart 3 of part H. In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* annually as to the dollar amount of loan discharges attributable to failures to make refunds.

* * * * * * *

SEC. 438. SPECIAL ALLOWANCES.

(a) * * *

(b) COMPUTATION AND PAYMENT.—

(1) * * *

(2) RATE OF SPECIAL ALLOWANCE.—(A) * * *

(B)(i) * * *

* * * * * * *

(iv) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance for holders of loans which are financed with funds obtained by the holder from the issuance of obligations originally issued on or after October 1, 1993, or refunded after September 30, 2004, [and before January 1, 2006,] the income from which is excluded from gross income under the Internal Revenue Code of 1986, shall be the quarterly rate of the special allowance established under subparagraph (A), (E), (F), (G), (H), or (I) as the case may be. Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimburse-

ments on, or interest or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds.

(v) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, or paragraph (4), as the case may be, for a holder of loans that—

(I) * * *

(II) are—

(aa) financed by such an obligation that, after September 30, 2004, [and before January 1, 2006,] has matured or been retired or defeased;

(bb) refinanced after September 30, 2004, [and before January 1, 2006,] with funds obtained from a source other than funds described in subclause (I) of this clause; or

(cc) sold or transferred to any other holder after September 30, 2004[, and before January 1, 2006].

(vi) Notwithstanding clauses (i), (ii), and (v), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, as the case may be, for a holder of loans—

(I) that were made or purchased on or after October 1, 2005; or

(II) that were not earning a quarterly rate of special allowance determined under clauses (i) or (ii) of subparagraph (B) of this paragraph (20 U.S.C. 1087–1(b)(2)(b)) as of October 1, 2005.

* * * * * * *

(D)(i) * * *

(ii) For the purpose of [division (i) of this subparagraph] *clause (i) of this subparagraph*, the term "qualified State obligation" means—

(I) * * *

* * * * * * *

(I) LOANS DISBURSED ON OR AFTER JANUARY 1, 2000.—

(i) * * *

[(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan—

[(I) for which the first disbursement is made on or after January 1, 2000, and before July 1, 2006, and for which the applicable rate of interest is described in section 427A(k)(2); or

[(II) for which the first disbursement is made on or after July 1, 2006, and for which the applicable rate of interest is described in section 427A(l)(1), but only with respect to (aa) periods prior to the beginning of the repayment period of the loan; or (bb) during the periods in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 427(a)(2)(C) or 428(b)(1)(M);

clause (i)(III) of this subparagraph shall be applied by substituting "1.74 percent" for "2.34 percent".]

(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and for which the applicable interest rate is described in section 427A(k)(2), clause (i)(III) of this subparagraph shall be applied by substituting "1.74 percent" for "2.34 percent".

(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after January 1, 2000, and for which the applicable rate of interest is described in section 427A(k)(3) [or (l)(2)], clause (i)(III) of this subparagraph shall be applied by substituting "2.64 percent" for "2.34 percent"[, subject to clause (v) of this subparagraph].

(iv) CONSOLIDATION LOANS.—In the case of any consolidation loan for which the application is received by an eligible lender on or after January 1, 2000, and for which the applicable interest rate is determined under section 427A(k)(4) [or (l)(3)] *or (k)(5)*, clause (i)(III) of this subparagraph shall be applied by substituting "2.64 percent" for "2.34 percent"[, subject to clause (vi) of this subparagraph].

[(v) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS BEFORE JULY 1, 2006.—In the case of PLUS loans made under section 428B and first disbursed on or after January 1, 2000, and before July 1, 2006, for which the interest rate is determined under section 427A(k)(3), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless, on the June 1 preceding such July 1—

[(I) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 (as determined by the Secretary for purposes of such section); plus

[(II) 3.1 percent,

exceeds 9.0 percent.

[(vi) LIMITATION ON SPECIAL ALLOWANCES FOR CONSOLIDATION LOANS.—In the case of consolidation loans made under section 428C and for which the application is received on or after January 1, 2000, for which the interest rate is determined under section 427A(k)(4) or (l)(3), a special allowance shall not be paid for such loan during any 3-month period ending March 31, June 30, September 30, or December 31 unless—

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

[(II) 2.64 percent,

exceeds the rate determined under section 427A(k)(4) or (l)(3), whichever is applicable.

[(vii) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS ON OR AFTER JULY 1, 2006.—In the case of PLUS loans made under section 428B and first disbursed on or after July 1, 2006, for which the interest rate is determined under section 427A(l)(2), a special allowance shall not be paid for such loan during any 12-month period beginning on July 1 and ending on June 30 unless—

[(I) the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial), as published by the Board of Governors of the Federal Reserve System in Publication H–15 (or its successor), for the last calendar week ending on or before such July 1; plus

[(II) 2.64 percent,

exceeds 9.0 percent.]

(v) RECAPTURE OF EXCESS INTEREST.—

(I) EXCESS CREDITED.—With respect to a loan on which the applicable interest rate is determined under section 427A(k) and for which the first disbursement of principal is made on or after July 1, 2006, if the applicable interest rate for any 3-month period exceeds the special allowance support level applicable to such loan under this subparagraph for such period, then an adjustment shall be made by calculating the excess interest in the amount computed under subclause (II) of this clause, and by crediting the excess interest to the Government not less often than annually.

(II) CALCULATION OF EXCESS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

(aa) the applicable interest rate minus the special allowance support level determined under this subparagraph; multiplied by

(bb) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

(cc) four.

(III) SPECIAL ALLOWANCE SUPPORT LEVEL.—For purposes of this clause, the term "special allowance support level" means, for any loan, a number expressed as a percentage equal to the sum of the rates determined under subclauses (I) and (III) of clause (i), and applying any substitution rules applicable to such loan under clauses (ii), (iii), and (iv) in determining such sum.

* * * * * * *

(4) PENALTY FOR LATE PAYMENT.—(A) * * *

(B) Such daily interest [shall be computed at the daily equivalent rate of the sum of the special allowance rate com-

puted pursuant to paragraph (2) and the interest rate applicable to the loan] *described in subparagraph (A) shall be computed using the interest rate described in section 3902(a) of title 31, United States Code,* and shall be paid for the later of (i) the 31st day after the receipt of such request for payment from the holder, or (ii) the 31st day after the final day of the period or periods covered by such request, and shall be paid for each succeeding day until, and including, the date on which the Secretary authorizes payment.

* * * * * * *

(c) ORIGINATION FEES FROM STUDENTS.—

(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—(A) Notwithstanding subsection (b), the Secretary shall collect the amount the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection *and the amount the lender is authorized to collect as a fixed rate offset charge in accordance with paragraph (9) of this subsection—*

(i) * * *

* * * * * * *

(B) If the Secretary collects the origination fee *and the fixed rate offset charge* under this subsection through the reduction of interest and special allowance, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees *and fixed rate offset charges* in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

[(2) AMOUNT OF ORIGINATION FEES.—]

(2) AMOUNT OF ORIGINATION FEES.—

(A) IN GENERAL.—Subject to paragraph (6) of this subsection, with respect to any loan (including loans made under section 428H, but excluding loans made under sections 428C and 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower. Except as provided in paragraph (8), a lender that charges an origination fee under this paragraph shall assess the same fee to all student borrowers.

(B) SUBSEQUENT REDUCTIONS.—Subparagraph (A) shall be applied to loans made under this part (other than loans made under sections 428C and 439(o))—

(i) by substituting "2.0 percent" for "3.0 percent" with respect to loans for which the first disbursement of

principal is made on or after July 1, 2006, and before July 1, 2007;

(ii) by substituting "1.5 percent" for "3.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

(iii) by substituting "1.0 percent" for "3.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

(iv) by substituting "0.5 percent" for "3.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

(v) by substituting "0.0 percent" for "3.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.

(3) RELATION TO APPLICABLE INTEREST.—Such origination fee *and fixed rate offset charge* shall not be taken into account for purposes of determining compliance with section 427A.

(4) DISCLOSURE REQUIRED.—The lender shall disclose to the borrower the amount and method of calculating the origination fee *and fixed rate offset charge*.

(5) PROHIBITION ON DEPARTMENT COMPELLING ORIGINATION FEE COLLECTIONS BY LENDERS.—Nothing in this subsection shall be construed to permit the Secretary to require any lender that is making loans that are insured or guaranteed under this part, but for which no amount will be payable for interest under section 428(a)(3)(A) or for special allowances under subsection (b) of this section, to collect any origination fee *or fixed rate offset charge* or to submit the sums collected as origination fees *or fixed rate offset charges* to the United States. The Secretary shall, not later than January 1, 1987, return to any such lender any such sums collected before the enactment of this paragraph, together with interest thereon.

(6) [SLS AND PLUS] *PLUS* LOANS.—With respect to any loans made under section [428A or] 428B on or after October 1, 1992, each eligible lender under this part shall charge the borrower an origination fee of 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payments to the borrower.

(7) DISTRIBUTION OF ORIGINATION FEES.—All origination fees *and fixed rate offset charges* collected pursuant to this section on loans authorized under section [428A or] 428B shall be paid to the Secretary by the lender and deposited in the fund authorized under section 431 of this part.

* * * * * * *

(9) FIXED RATE OFFSET CHARGES FOR CONSOLIDATION LOANS.—For any loan under section 428C for which the borrower elects to take a fixed rate under section 427A(k)(5)(C), the lender is authorized to collect a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal amount of the loan. Such amount may be added to the principal amount of the loan for repayment by the borrower.

SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.

(a) * * *

* * * * * * *

(d) AUTHORITY OF ASSOCIATION.—

(1) IN GENERAL.—The Association is authorized, subject to the provisions of this section—

(A) * * *

* * * * * * *

(E) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students, except that—

(i) * * *

* * * * * * *

(iii) not later than 30 days prior to the initial implementation of a program undertaken pursuant to this subparagraph (E), the Association shall advise the [Chairman and the Ranking Member on the Committee on Labor and Human Resources of the Senate and the Chairman and the Ranking Member of the Committee on Education and Labor of the House of Representatives] *chairpersons and ranking minority members of the authorizing committees* in writing of its plans to offer such program and shall provide information relating to the general terms and conditions of such program.

The Association is further authorized to undertake any activity with regard to student loans which are not insured or guaranteed as provided for in this subsection as it may undertake with regard to insured or guaranteed student loans. Any warehousing advance made on the security of such loans shall be subject to the provisions of paragraph (3) of this subsection to the same extent as a warehousing advance made on the security of insured loans.

* * * * * * *

[(3) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in section 435(a) may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.]

[(4)] *(3)* FORM OF SECURITIES.—Securities issued pursuant to the offering of participations or pooled interests under paragraph (1) of this subsection may be in the form of debt obligations, or trust certificates of beneficial ownership, or both. Student loans set aside pursuant to the offering of participations or pooled interests shall at all times be adequate to ensure the timely principal and interest payments on such securities.

[(5)] *(4)* RESTRICTIONS ON FACILITIES AND HOUSING ACTIVITIES.—Not less than 75 percent of the aggregate dollar amount of obligations bought, sold, held, insured, underwritten, and otherwise supported in accordance with the authority contained in paragraph (1)(C) shall be obligations which are listed by a nationally recognized statistical rating organization at a rating below the second highest rating of such organization.

* * * * * * *

(r) SAFETY AND SOUNDNESS OF ASSOCIATION.—
(1) * * *

* * * * * * *

(3) MONITORING OF SAFETY AND SOUNDNESS.—The Secretary of the Treasury shall conduct such studies as may be necessary to monitor the financial safety and soundness of the Association. In the event that the Secretary of the Treasury determines that the financial safety and soundness of the Association is at risk, the Secretary of the Treasury shall inform the [Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives,] *chairpersons and ranking minority members of the authorizing committees* and the Secretary of Education of such determination and identify any corrective actions that should be taken to ensure the safety and soundness of the Association.

* * * * * * *

(5) CAPITAL RESTORATION PLAN.—
(A) * * *

(B) DISAPPROVAL.—If the Secretary of the Treasury does not approve a capital restoration plan as provided in subparagraph (A), then not later than the earlier of the date the Secretary of the Treasury disapproves of such plan by written notice to the Association or the expiration of the 30-day consideration period referred to in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall submit the Association's capital restoration plan, in the form most recently proposed to the Secretary of the Treasury by the Association, together with a report on the Secretary of the Treasury's reasons for disapproval of such plan and an alternative capital restoration plan, to the [Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor] *chairpersons and ranking minority members of the authorizing committees*. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury.

* * * * * * *

(6) SUBSTANTIAL CAPITAL RATIO REDUCTION.—
(A) * * *

(B) DISAPPROVAL.—If the Secretary of the Treasury disapproves a capital restoration plan or modified plan submitted pursuant to subparagraph (A), then, not later than the earlier of the date the Secretary of the Treasury disapproves of such plan or modified plan (by written notice to the Association) or the expiration of the 30-day consideration period described in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall prepare and submit an alternative capital restoration plan, together with a report on his reasons for disapproval of the Association's plan or modified plan, to the [Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives] *chairpersons and ranking minority members of the authorizing committees*. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury. The Association, within 5 days after receipt from the Secretary of the Treasury of such submission, shall submit to the Chairmen and ranking minority members of such Committees, and the Secretary of the Treasury, a written response to such submission, setting out fully the nature and extent of the Association's agreement or disagreement with the Secretary of the Treasury with respect to the disapproved plan and the alternative plan of the Secretary of the Treasury and any findings of the Secretary of the Treasury.

* * * * * * *

(8) CRITICAL CAPITAL STANDARD.—(A) * * *

* * * * * * *

(C) Immediately upon a determination under subparagraph (A) or (B) to implement a capital restoration plan, the Secretary of the Treasury shall submit the capital restoration plan to be implemented to the [Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives,] *chairpersons and ranking minority members of the authorizing committees* and the Secretary of Education.

* * * * * * *

(10) REVIEW BY SECRETARY OF EDUCATION.—The Secretary of Education shall review the Secretary of the Treasury's submission required pursuant to paragraph (5)(B), (6)(B), or (8) and shall submit a report within 30 days to the [Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor] *chairpersons and ranking minority members of the authorizing committees*—

(A) * * *

* * * * * * *

(s) CHARTER SUNSET.—

(1) * * *

(2) SUNSET PLAN.—

(A) PLAN SUBMISSION BY THE ASSOCIATION.—Not later than July 1, 2007, the Association shall submit to the Secretary of the Treasury and to the [Chairman and Ranking Member of the Committee on Labor and Human Resources of the Senate and the Chairman and Ranking Member of the Committee on Economic and Educational Opportunities of the House of Representatives] *chairpersons and ranking minority members of the authorizing committees*, a detailed plan for the orderly winding up, by July 1, 2013, of business activities conducted pursuant to the charter set forth in this section. Such plan shall—

(i) * * *

* * * * * * *

(B) AMENDMENT OF THE PLAN BY THE ASSOCIATION.—The Association shall from time to time amend such plan to reflect changed circumstances, and submit such amendments to the Secretary of the Treasury and to the [Chairman and Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and Chairman and Ranking Minority Member of the Committee on Economic and Educational Opportunities of the House of Representatives] *chairpersons and ranking minority members of the authorizing committees*. In no case may any amendment extend the date for full implementation of the plan beyond the dissolution date provided in paragraph (3).

* * * * * * *

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part, $1,000,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(c) COMMUNITY SERVICES.—For purposes of this part, the term "community services" means services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs, including—

(1) such fields as health care, child care (including child care services provided on campus [that are open and accessible to the community]), literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, and community improvement;

* * * * * * *

SEC. 442. ALLOCATION OF FUNDS.

[(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 441(b) for each fiscal year, the Secretary shall first allocate to each eligible institution for each succeeding fiscal year, an amount equal to 100 percent of the amount such institution received under subsections (a) and (b) for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year).

[(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1999 but is not a first or second time participant, an amount equal to the greater of—

[(i) $5,000; or

[(ii) 90 percent of the amount received and used under this part for the first year it participated in the program.

[(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1999 and is a first or second time participant, an amount equal to the greatest of—

[(i) $5,000;

[(ii) an amount equal to (I) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

[(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

[(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which—

[(i) was a first-time participant in the program in fiscal year 2000 or any subsequent fiscal year, and

[(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

[(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

[(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

[(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

[(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

[(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

[(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

[(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate or transfer to a 4-year institution of higher education.]

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 441(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraph (2), first allocate to each eligible institution an amount equal to the following percentage of the amount such institution received under subsection (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year):

(A) 80 percent for fiscal years 2008 and 2009;

(B) 60 percent for fiscal years 2010 and 2011;

(C) 40 percent for fiscal years 2012 and 2013;

(D) 20 percent for fiscal years 2014 and 2015; and

(E) 0 percent for fiscal year 2016 and any succeeding fiscal year.

(2) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).

(3) ADDITIONAL ALLOCATIONS FOR CERTAIN INSTITUTIONS.—

(A) ALLOCATIONS PERMITTED.—Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

(B) ELIGIBLE INSTITUTIONS.—An otherwise eligible institution may receive a portion of the allocation described in subparagraph (A) if—

(i) not less than 10 percent of the students attending the institution receive Federal Pell Grants; and

(ii)(I) in the case of an institution that offers programs of at least 4 years in duration, if its graduation rate for Federal Pell Grant recipients attending the institution and graduating within the period of time equal to normal duration of the longest undergraduate program offered by the institution, as measured from

the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)); or

(II) in the case of an institution that offers programs of at least 2, but less than 4, years in duration, if its rate for Federal Pell Grant recipients attending the institution and graduating or transferring to an institution that offers programs of at least 4 years in duration within the period of time equal to the normal duration of the program offered, as measured from the first day of their enrollment, exceeds the median rate for the class of institution (as defined in section 131(f)(5)(C)).

* * * * * * *

(c) DETERMINATION OF INSTITUTION'S NEED.—(1) * * *

* * * * * * *

(4)(A) * * *

* * * * * * *

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to [$450] *$600*.

* * * * * * *

SEC. 446. JOB LOCATION AND DEVELOPMENT PROGRAMS.

(a) AGREEMENTS REQUIRED.—(1) The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than [10 percent or $50,000] *15 percent or $75,000* of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions, locates and develops jobs, including community service jobs, for currently enrolled students*, except that not less than one-third of such amount shall be specifically allocated to locate and develop community service jobs*.

* * * * * * *

SEC. 448. WORK COLLEGES.

(a) PURPOSE.—The purpose of this section is to recognize, encourage, and promote the use of comprehensive [work-learning] *work-learning-service* programs as a valuable educational approach when it is an integral part of the institution's educational program and a part of a financial plan which decreases reliance on grants and loans.

(b) SOURCE AND USE FUNDS.—

(1) SOURCE OF FUNDS.—In addition to the sums appropriated under subsection (f), funds allocated to the institution under part C and part E of this title may be transferred for use under this section to provide flexibility in strengthening the self-help-through-work element in financial aid packaging.

(2) ACTIVITIES AUTHORIZED.—From the sums appropriated pursuant to subsection (f), and from the funds available under paragraph (1), eligible institutions may, following approval of an application under subsection (c) by the Secretary—

(A) support the educational costs of qualified students through self-help payments or credits provided under the

[work-learning] *work-learning-service* program of the institution within the limits of part F of this title;

(B) promote the work-learning-service experience as a tool of postsecondary education, financial self-help and community service-learning opportunities;

(C) carry out activities described in section 443 or 446;

(D) be used for the administration, development and assessment of comprehensive [work-learning] *work-learning-service* programs, including—

(i) community-based [work-learning] *work-learning-service* alternatives that expand opportunities for community service and career-related work; and

(ii) alternatives that develop sound citizenship, encourage student persistence, and make optimum use of assistance under this part in education and student development;

(E) coordinate and carry out joint projects and activities to promote work service learning; and

(F) carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.

(c) APPLICATION.—Each eligible institution may submit an application for funds authorized by subsection (f) to use funds under subsection (b)(1) at such time and in such manner as the Secretary, by regulation, may reasonably require.

(d) MATCH REQUIRED.—Funds made available to work-colleges pursuant to this section shall be matched on a dollar-for-dollar basis from non-Federal sources.

(e) DEFINITIONS.—For the purpose of this section—

(1) the term "work-college" means an eligible institution that—

(A) has been a public or private nonprofit institution with a commitment to community service;

(B) has operated a comprehensive [work-learning] *work-learning-service* program for at least 2 years;

[(C) requires all resident students who reside on campus to participate in a comprehensive work-learning program and the provision of services as an integral part of the institution's educational program and as part of the institution's educational philosophy; and]

(C) requires all resident students, including at least one-half of all students who are enrolled on a full-time basis, to participate in a comprehensive work-learning-service program for at least 5 hours each week, or at least 80 hours during each period of enrollment, unless the student is engaged in an institutionally organized or approved study abroad or externship program; and

(D) provides students participating in the comprehensive [work-learning] *work-learning-service* program with the opportunity to contribute to their education and to the welfare of the community as a whole; and

[(2) the term "comprehensive student work-learning program" means a student work/service program that is an integral and stated part of the institution's educational philosophy and program; requires participation of all resident students for enrollment, participation, and graduation; includes learning objectives, evaluation and a record of work performance as part of the student's college record; provides programmatic leadership by college personnel at levels comparable to traditional academic programs; recognizes the educational role of work-learning supervisors; and includes consequences for non-performance or failure in the work-learning program similar to the consequences for failure in the regular academic program.]

(2) the term "comprehensive student work-learning-service program"—

(A) means a student work-learning-service program that is an integral and stated part of the institution's educational philosophy and program;

(B) requires participation of all resident students for enrollment and graduation;

(C) includes learning objectives, evaluation, and a record of work performance as part of the student's college record;

(D) provides programmatic leadership by college personnel at levels comparable to traditional academic programs;

(E) recognizes the educational role of work-learning-service supervisors; and

(F) includes consequences for nonperformance or failure in the work-learning-service program similar to the consequences for failure in the regular academic program.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year [1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *2006 and such sums as may be necessary for the 5 succeeding fiscal years*.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

* * * * * * *

SEC. 455. TERMS AND CONDITIONS OF LOANS.

(a) IN GENERAL.—

(1) PARALLEL TERMS, CONDITIONS, BENEFITS, AND AMOUNTS.—Unless otherwise specified in this part, loans made to borrowers under this part shall have the same terms, conditions, and benefits, and be available in the same amounts, as loans made to borrowers under sections 428, 428B, *428C,* and 428H of this title.

(2) DESIGNATION OF LOANS.—Loans made to borrowers under this part that, except as otherwise specified in this part, have the same terms, conditions, and benefits as loans made to borrowers under—

(A) section 428 shall be known as "Federal Direct Stafford Loans";

(B) section 428B shall be known as "Federal Direct PLUS Loans"; [and]

(C) section 428C shall be known as "Federal Direct Consolidation Loans"; and

[(C)] *(D)* section 428H shall be known as "Federal Direct Unsubsidized Stafford Loans".

(b) INTEREST RATE.—

(1) * * *

* * * * * * *

(6) INTEREST RATE PROVISION FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998[, AND BEFORE JULY 1, 2006].—

(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] 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) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] the applicable rate of interest for interest which accrues—

(i) prior to the beginning of the repayment period of the loan; or

(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting "1.7 percent" for "2.3 percent".

(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998[, and before July 1, 2006,] the applicable rate of interest shall be determined under subparagraph (A)—

(i) by substituting "3.1 percent" for "2.3 percent"; and

(ii) by substituting "9.0 percent" for "8.25 percent".

(D) CONSOLIDATION LOANS *BEFORE JULY 1, 2006*.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after February 1, 1999, and before July 1, 2006, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

(i) * * *

* * * * * * *

(E) CONSOLIDATION LOANS ON OR AFTER JULY 1, 2006.—

(i) BORROWER ELECTION.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Consolidation Loan for which the application is received by an eligible lender on or after July 1, 2006, the applicable rate of interest shall, at the election of the borrower at the time of application for the loan, be either at the rate determined under clause (ii) or the rate determined under clause (iii).

(ii) VARIABLE RATE.—Except as provided in clause (iv), the rate determined under this clause shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and, for such 12-month period, 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) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(iii) FIXED RATE.—Except as provided in clause (iv), the rate determined under this clause shall be determined for the duration of the term of the loan on the July 1 that is or precedes the date on which the application is received by an eligible lender, and shall be, for such duration, equal to—

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

(II) 3.3 percent,

except that such rate shall not exceed 8.25 percent.

(iv) CONSOLIDATION OF PLUS LOANS.—In the case of any such Federal Direct Consolidation Loan that is used to repay loans each of which was made under section 428B or was a Federal Direct PLUS Loan (or both), the rates determined under clauses (ii) and (iii) shall be determined—

(I) by substituting "3.1 percent" for "2.3 percent";

(II) by substituting "4.1 percent" for "3.3 percent"; and

(III) by substituting "9.0 percent" for "8.25 percent".

[(E)**]** *(F)* TEMPORARY RULES FOR CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after October 1, 1998, and before February 1, 1999, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to—

(i) * * *

* * * * * * *

[(7) INTEREST RATE PROVISION FOR NEW LOANS ON OR AFTER JULY 1, 2006.—

[(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 2006, the applicable rate of interest shall be 6.8 percent on the unpaid principal balance of the loan.

[(B) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct PLUS loan for which the first disbursement is made on or after July 1, 2006, the applicable rate of interest shall be 7.9 percent on the unpaid principal balance of the loan.

[(C) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after July 1, 2006, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the lesser of—

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

[(ii) 8.25 percent.]

[(8)] *(7)* REPAYMENT INCENTIVES.—

(A) * * *

(B) ACCOUNTABILITY.—Prior to publishing regulations proposing repayment incentives, the Secretary shall ensure the cost neutrality of such reductions. The Secretary shall not prescribe such regulations in final form unless an official report from the Director of the Office of Management and Budget to the Secretary and a comparable report from the Director of the Congressional Budget Office to the Congress each certify that any such reductions will be completely cost neutral. Such reports shall be transmitted to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* not less than 60 days prior to the publication of regulations proposing such reductions.

[(9)] *(8)* PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(c) LOAN FEE.—The Secretary shall charge the borrower of a loan made under this part an origination fee of 4.0 percent of the principal amount of loan.]

(c) LOAN FEE.—

(1) IN GENERAL.—The Secretary shall charge the borrower of a loan made under this part an origination fee of 4.0 percent of the principal amount of loan.

(2) SUBSEQUENT REDUCTION.—Paragraph (1) shall be applied to loans made under this part, other than consolidation loans and PLUS loans—

(A) by substituting "not more or less than 3.0 percent" for "4.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2006, and before July 1, 2007;

(B) by substituting "not more or less than 2.5 percent" for "4.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2007, and before July 1, 2008;

(C) by substituting "not more or less than 2.0 percent" for "4.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2008, and before July 1, 2009;

(D) by substituting "not more or less than 1.5 percent" for "4.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2009, and before July 1, 2010; and

(E) by substituting "not more or less than 1.0 percent" for "4.0 percent" with respect to loans for which the first disbursement of principal is made on or after July 1, 2010.

(3) WAIVERS AND REPAYMENT INCENTIVES PROHIBITED.—Beginning with loans made on or after July 1, 2006, the Secretary is prohibited—

(A) from waiving any amount of the loan fee prescribed under this section as part of a repayment incentive in section 455(b)(7); and

(B) from providing any repayment incentive before the borrower enters repayment.

(4) FIXED RATE OFFSET CHARGES FOR CONSOLIDATION LOANS.—For any Federal Direct Consolidation Loan for which the borrower elects to take a fixed rate under section 455(b)(6)(E)(iii), the Secretary shall collect a fixed rate offset charge in an amount not to exceed 0.5 percent of the principal amount of the loan. Such amount may be added to the principal amount of the loan for repayment by the borrower. Such amount is not subject to the requirements of paragraph (3) of this subsection.

(d) REPAYMENT PLANS.—

(1) DESIGN AND SELECTION.—Consistent with criteria established by the Secretary, the Secretary shall offer a borrower of a loan made under this part a variety of plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part. The borrower may choose—

[(A) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, consistent with subsection (a)(1) of this section;

[(B) an extended repayment plan, with a fixed annual repayment amount paid over an extended period of time, except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 428(b)(1)(L);

[(C) a graduated repayment plan, with annual repayment amounts established at 2 or more graduated levels and paid over a fixed or extended period of time, except

that the borrower's scheduled payments shall not be less than 50 percent, nor more than 150 percent, of what the amortized payment on the amount owed would be if the loan were repaid under the standard repayment plan; and]

(A) a standard repayment plan, consistent with subsection (a)(1) of this section and with section 428(b)(9)(A)(i);

(B) a graduated repayment plan, consistent with section 428(b)(9)(A)(ii);

(C) an extended repayment plan, consistent with section 428(b)(9)(A)(v), except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 428(b)(1)(L);

(D) a delayed repayment plan under which the borrower makes scheduled payments for not more than 2 years that are annually not less than the amount of interest due or $600, whichever is greater, and then makes payments in accordance with subparagraph (A), (B), or (C); and

[(D)] *(E)* an income contingent repayment plan, with varying annual repayment amounts based on the income of the borrower, paid over an extended period of time prescribed by the Secretary, not to exceed 25 years, except that the plan described in this subparagraph shall not be available to the borrower of a Federal Direct PLUS loan.

* * * * * * *

(e) INCOME CONTINGENT REPAYMENT.—

(1) * * *

(2) REPAYMENT BASED ON ADJUSTED GROSS INCOME.—A repayment schedule for a loan made under this part and repaid pursuant to income contingent repayment shall be based on the adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the borrower or, if the borrower is married [and files a Federal income tax return jointly with the borrower's spouse], on the adjusted gross income of the borrower and the borrower's spouse.

* * * * * * *

(f) DEFERMENT.—

(1) * * *

(2) ELIGIBILITY.—A borrower of a loan made under this part shall be eligible for a deferment during any period—

(A) * * *

* * * * * * *

(C) not in excess of 3 years during which the borrower—

(i) is serving on active duty during a war or other military operation or national emergency; or

(ii) is performing qualifying National Guard duty during a war or other military operation or national emergency; or

[(C)] *(D)* not in excess of 3 years during which the Secretary determines, in accordance with regulations prescribed under section 435(o), that the borrower has experienced or will experience an economic hardship.

* * * * * * *

(g) FEDERAL DIRECT CONSOLIDATION LOANS.—A borrower of a loan made under this part may consolidate such loan with the loans described in section 428C(a)(4). [Loans made under this subsection shall be known as "Federal Direct Consolidation Loans".] *To be eligible for a consolidation loan under this part, a borrower must meet the eligibility criteria set forth in section 428C(a)(3). The Secretary, upon application for such a loan, shall comply with the requirements applicable to a lender under section 428C(b)(1)(F).*

* * * * * * *

SEC. 458. FUNDS FOR ADMINISTRATIVE EXPENSES.

(a) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—Each fiscal year there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

(A) * * *

* * * * * * *

not to exceed (from such funds not otherwise appropriated) [$617,000,000 in fiscal year 1999, $735,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003] *$820,000,000 in fiscal year 2006, $833,000,000 in fiscal year 2007, $847,000,000 in fiscal year 2008, $862,000,000 in fiscal year 2009, and $878,000,000 in fiscal year 2010, and $894,000,000 in fiscal year 2011.*

* * * * * * *

(b) CALCULATION BASIS.—Except as provided in subsection (c), account maintenance fees payable to guaranty agencies under paragraph (1)(B) [shall be calculated—

[(1) for fiscal years 1999 and 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B; and

[(2) for fiscal years 2001, 2002, and 2003, on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.] *shall be calculated on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.*

(c) SPECIAL RULES.—

(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

[(A) for fiscal year 1999, shall not exceed $177,000,000;
[(B) for fiscal year 2000, shall not exceed $180,000,000;
[(C) for fiscal year 2001, shall not exceed $170,000,000;
[(D) for fiscal year 2002, shall not exceed $180,000,000; and
[(E) for fiscal year 2003, shall not exceed $195,000,000.]
(A) for fiscal year 2006, shall not exceed $220,000,000;
(B) for fiscal year 2007, shall not exceed $233,000,000;
(C) for fiscal year 2008, shall not exceed $247,000,000;
(D) for fiscal year 2009, shall not exceed $262,000,000;
(E) for fiscal year 2010, shall not exceed $278,000,000; and

(F) for fiscal year 2011, shall not exceed $294,000,000.

* * * * * * *

SEC. 460. LOAN CANCELLATION FOR TEACHERS.

(a) * * *

(b) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary shall carry out a program of canceling the obligation to repay a qualified loan amount in accordance with subsection (c) for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part for any new borrower on or after October 1, 1998, who—

(A) has been employed as a full-time teacher for 5 consecutive complete school years—

(i) * * *

(ii) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 9101 of the Elementary and Secondary Education Act of 1965*, or meets the requirements of subsection (g)(3)*; and

* * * * * * *

(c) QUALIFIED LOAN AMOUNTS.—

(1) * * *

* * * * * * *

(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than $17,500 in the case of—

(A) a secondary school teacher—

(i) * * *

(ii) whose qualifying employment for purposes of such subsection is teaching mathematics or science on a full-time basis; **[**and**]**

(B) an elementary school or secondary school teacher—

(i) * * *

* * * * * * *

(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower's special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching**[**.**]***; and*

(C) an elementary or secondary school teacher who primarily teaches reading—

(i) who meets the requirements of subsection (b);

(ii) who has obtained a separate reading instruction credential from the State in which the teacher is employed; and

(iii) who is certified by the chief administrative officer of the public or nonprofit private elementary or sec-

ondary school in which the borrower is employed to teach reading—

(I) as being proficient in teaching the essential components of reading instruction as defined in section 1208 of the Elementary and Secondary Education Act of 1965; and

(II) as having such credential.

* * * * * * *

(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

(1) * * *

(3) PRIVATE SCHOOL TEACHERS.—An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (a)(1)(A)(ii), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher must be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 9101 of the Elementary and Secondary Education Act of 1965, and the score achieved by such teacher on each test must equal or exceed the average passing score of those 5 States.

* * * * * * *

PART E—FEDERAL PERKINS LOANS

SEC. 461. APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated $250,000,000 for fiscal year **[**1999**]** *2006* and such sums as may be necessary for each of the **[**4**]** *5* succeeding fiscal years.

(2) In addition to the funds authorized under paragraph (1), there are hereby authorized to be appropriated such sums for fiscal year **[**2003**]** *2012* and each of the 5 succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, **[**2003**]** *2012*, to continue or complete courses of study.

* * * * * * *

SEC. 462. ALLOCATION OF FUNDS.

[(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 461(b) for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to—

[(A) 100 percent of the amount received under subsections (a) and (b) of this section for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year), multiplied by

[(B) the institution's default penalty, as determined under subsection (e),

except that if the institution has a cohort default rate in excess of the applicable maximum cohort default rate under subsection (f), the institution may not receive an allocation under this paragraph.

[(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1999 but is not a first or second time participant, an amount equal to the greater of—

[(i) $5,000; or

[(ii) 100 percent of the amount received and expended under this part for the first year it participated in the program.

[(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1999 and is a first or second time participant, an amount equal to the greatest of—

[(i) $5,000;

[(ii) an amount equal to (I) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

[(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

[(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which—

[(i) was a first-time participant in the program in fiscal year 2000 or any subsequent fiscal year, and

[(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

[(D) For any fiscal year after a fiscal year in which an institution receives an allocation under subparagraph (A), (B), or (C), the Secretary shall allocate to such institution an amount equal to the product of—

[(i) the amount determined under subparagraph (A), (B), or (C), multiplied by

[(ii) the institution's default penalty, as determined under subsection (e),

except that if the institution has a cohort default rate in excess of the applicable maximum cohort default rate under subsection (f), the institution may not receive an allocation under this paragraph.

[(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

[(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

[(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

[(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

[(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).]

(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—

(1) BASE GUARANTEE.—From the amount appropriated pursuant to section 461(b) for each fiscal year after fiscal year 2007, the Secretary shall, subject to paragraphs (2) and (3), first allocate to each eligible institution an amount equal to—

(A) 100 percent of the amount such institution received under subsection (a) of this section for fiscal year 2007 (as such subsection was in effect with respect to allocations for such fiscal year), multiplied by

(B) the institution's default penalty, as determined under subsection (e), except that if the institution has a cohort default rate in excess of the applicable maximum cohort default rate under subsection (f), the institution may not receive an allocation under this paragraph.

(2) PHASE OUT.—For each of the fiscal years after fiscal year 2007, paragraph (1) shall be applied by substituting for "100 percent":

(A) "80 percent" for fiscal years 2008 and 2009;

(B) "60 percent" for fiscal years 2010 and 2011;

(C) "40 percent" for fiscal years 2012 and 2013;

(D) "20 percent" for fiscal years 2014 and 2015; and

(E) "0 percent" for fiscal year 2016 and any succeeding fiscal year.

(3) RATABLE REDUCTIONS FOR INSUFFICIENT APPROPRIATIONS.—

(A) REDUCTION OF BASE GUARANTEE.—If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) ADDITIONAL APPROPRIATIONS ALLOCATION.—If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under this subsection).

* * * * * * *

(c) DETERMINATION OF INSTITUTION'S SELF-HELP NEED.—(1) * * *

* * * * * * *

(4)(A) * * *

* * * * * * *

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to [$450] *$600*.

* * * * * * *

(g) DEFINITION OF COHORT DEFAULT RATE.—

(1)(A) * * *

* * * * * * *

(E) In determining the number of students who default before the end of such award year, the institution, in calculating the cohort default rate, shall exclude—

(i) any loan on which the borrower has, after the time periods specified in paragraph (2)—

(I) voluntarily made 6 consecutive *monthly* payments;

* * * * * * *

SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

(a) CONTENTS OF AGREEMENTS.—An agreement with any institution of higher education for the payment of Federal capital contributions under this part shall—

(1) * * *

* * * * * * *

(4) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

(A) if the institution has knowingly 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] *shall*—

(i) * * *

* * * * * * *

SEC. 464. TERMS OF LOANS.

(a) TERMS AND CONDITIONS.—(1) * * *

(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

(i) [$4,000] *$5,500*, in the case of a student who has not successfully completed a program of undergraduate education; or

(ii) [$6,000] *$8,000*, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(B) Except as provided in paragraph (4), the aggregate unpaid principal amount for all loans made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(i) [$40,000] *$60,000*, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

(ii) [$20,000] *$27,500*, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary), and including any loans from such funds made to such person before such person became such a student; and

(iii) [$8,000] *$11,000*, in the case of any other student.

* * * * * * *

(c) CONTENTS OF LOAN AGREEMENT.—(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) * * *

* * * * * * *

(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue [(I)] *(i)* prior to the beginning date of repayment determined under paragraph (2)(A)(i), or [(II)] *(ii)* during any period in which repayment is suspended by reason of paragraph (2);

* * * * * * *

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) * * *

* * * * * * *

(iii) not in excess of 3 years during which the borrower—

(I) is serving on active duty during a war or other military operation or national emergency; or

(II) is performing qualifying National Guard duty during a war or other military operation or national emergency;

[(iii)] *(iv)* not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 435(o), has caused or will cause the borrower to have an economic hardship; or

[(iv)] *(v)* during which the borrower is engaged in service described in section 465(a)(2);

and provides that any such period shall not be included in determining the 10-year period described in subparagraph (A) of paragraph (1).

* * * * * * *

(e) FORBEARANCE.—The Secretary shall ensure that[, upon written request,] an institution of higher education shall grant a borrower forbearance of principal and interest or principal only, renewable at 12-month intervals for a period not to exceed 3 years, on such terms as are otherwise consistent with the regulations issued by the Secretary and agreed upon in writing by the parties to the loan, if—

(1) * * *

* * * * * * *

(f) SPECIAL REPAYMENT RULE AUTHORITY.—(1) * * *

[(2) No compromise repayment of a defaulted loan as authorized by paragraph (1) may be made unless the student borrower pays—

[(A) 90 percent of the loan under this part;

[(B) the interest due on such loan; and

[(C) any collection fees due on such loan;

in a lump sum payment.]

(2) No compromise repayment of a defaulted loan as authorized by paragraph (1) may be made unless agreed to by the Secretary.

* * * * * * *

(h) REHABILITATION OF LOANS.—

(1) REHABILITATION.—

(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes **[**12 ontime**]** *9 on-time*, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, or by the Secretary in the case of a loan held by the Secretary, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall request that any credit bureau organization or credit reporting agency to which the default was reported remove the default from the borrower's credit history.

* * * * * * *

SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) * * *

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under **[**section 111(c)**]** *section 1113(a)(5)* of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school;

* * * * * * *

(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

(i) in the case of service described in subparagraph (A), (C), *(D),* (F), (G), (H), or (I) of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

(ii) in the case of service described in subparagraph (B) of paragraph (2), at the rate of 15 percent for each year of such service; *or*

[(iii) in the case of service described in subparagraph (D) of paragraph (2), not to exceed a total of 50 percent of such loan at the rate of 12½ percent for each year of qualifying service; or**]**

[(iv)**]** *(iii)* in the case of service described in subparagraph (E) of paragraph (2) at the rate of 15 percent for the first or

second year of such service and 20 percent for the third or fourth year of such service.

* * * * * * *

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

(a) IN GENERAL.—After September 30, [2003] *2011*, and not later than March 31, [2004] *2012*, 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) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, [2003] *2011*, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

(2) The remainder of such balance shall be paid to the institution.

(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 31, 2012, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, 2003, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a).

(c) DISTRIBUTION OF EXCESS CAPITAL.—(1) Upon a finding by the institution or the Secretary prior to October 1, [2004] *2012*, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

(A) The Secretary shall first be paid an amount which bears the same ratio to the total to be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

(B) The remainder of the capital distribution shall be paid to the institution.

(2) No finding that the liquid assets of a student loan fund established under this part exceed the amount required under paragraph (1) may be made prior to a date which is 2 years after the date on which the institution of higher education received the funds from such institution's allocation under section 462.

SEC. 467. COLLECTION OF DEFAULTED LOANS: PERKINS LOAN REVOLVING FUND.

(a) * * *

(b) COLLECTION OF REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—The Secretary shall continue to attempt to collect any loan

referred, transferred, or assigned under paragraph [(5)(A), (5)(B)(i), or (6)] *(4)(A), (4)(B), or (5)* of section 463(a) until all appropriate collection efforts, as determined by the Secretary, have been expended.

* * * * * * *

SEC. 469. DEFINITIONS.

(a) * * *

* * * * * * *

(c) INFANTS, TODDLERS, CHILDREN, AND YOUTH WITH DISABILITIES.—For purposes of this part, the term "infants, toddlers, children, and youth with disabilities" means children with disabilities and infants and toddlers with disabilities as defined in [sections 602 and 632] *sections 602(3) and 632(5)*, respectively, of the Individuals with Disabilities Education Act, and the term "[qualified professional provider of early intervention services] *early intervention services*" has the meaning specified in [section 672(2)] *section 632(4)* of such Act.

* * * * * * *

PART F—NEED ANALYSIS

* * * * * * *

SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) * * *

* * * * * * *

(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

(1) * * *

(2) ADJUSTMENT TO STUDENT INCOME.—The adjustment to student income is equal to the sum of—

(A) * * *

* * * * * * *

(D) an income protection allowance of [$2,200] *$3,000* (or a successor amount prescribed by the Secretary under section 478);

* * * * * * *

SEC. 478. REGULATIONS; UPDATED TABLES.

(a) * * *

* * * * * * *

(h) EMPLOYMENT EXPENSE ALLOWANCE.—For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of employment expense allowances for the purpose of sections 475(c)(5), 476(b)(4), and 477(b)(5). Such revised table shall be developed by increasing the dollar amount specified in sections 475(c)(5)(A), 475(c)(5)(B), 476(b)(4)(A), [476(b)(4)(B),] 477(b)(5)(A), and 477(b)(5)(B) to reflect increases in the amount and percent of the Bureau of Labor Statistics budget of the marginal costs for [meals away from home, apparel and upkeep, transportation, and housekeeping services] *food away from home, apparel, transportation, and household furnishings and operations* for a two-worker versus one-worker family.

SEC. 479. SIMPLIFIED NEEDS TESTS.

(a) * * *

(b) SIMPLIFIED NEEDS TEST.—

(1) ELIGIBILITY.—An applicant is eligible to file a simplified form containing the elements required by paragraph (2) if—

(A) in the case of an applicant who is a dependent student—

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

(i) the student's parents file, or are eligible to file, a form described in paragraph (3) or certify that they are not required to file an income tax return, and the student files, or is eligible to file, such a form or certifies that the student is not required to file an income tax return, or the student's parents, or the student, received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and

* * * * * * *

(B) in the case of an applicant who is an independent student—

[(i) the student (and the student's spouse, if any) files or is eligible to file a form described in paragraph (3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return; and]

(i) the student (and the student's spouse, if any) files, or is eligible to file, a form described in paragraph (3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return, or the student (and the student's spouse, if any) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined under subsection (d); and

* * * * * * *

(3) QUALIFYING FORMS.—[A student or family files a form described in this subsection, or subsection (c), as the case may be, if the student or family, respectively, files] *In the case of an independent student, the student, or in the case of a dependent student, the parent, files a form described in this subsection, or subsection (c), as the case may be, if the student or parent, as appropriate, files—*

(A) * * *

* * * * * * *

(c) ZERO EXPECTED FAMILY CONTRIBUTION.—The Secretary shall consider an applicant to have an expected family contribution equal to zero if—

(1) in the case of a dependent student—

[(A) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or certify that the par-

ents are not required to file an income tax return and the student files, or is eligible to file, such a form, or certifies that the student is not required to file an income tax return; and]

(A) the student's parents file, or are eligible to file, a form described in subsection (b)(3) or certify that they are not required to file an income tax return, and the student files, or is eligible to file, such a form or certifies that the student is not required to file an income tax return, or the student's parents, or the student, received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined in subsection (d); and

* * * * * * *

(2) in the case of an independent student with dependents other than a spouse—

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

(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return, or the student (and the student's spouse, if any) received benefits at some time during the previous 12-month period under a means-tested Federal benefit program as defined in subsection (d); and

* * * * * * *

(d) DEFINITION OF MEANS-TESTED FEDERAL BENEFIT PROGRAM.—For the purposes of this section, the term "means-tested Federal benefit program" means a mandatory spending program of the Federal Government, other than a program under this title, in which eligibility for the program's benefits, or the amount of such benefits, or both, are determined on the basis of income or resources of the individual or family seeking the benefit, and may include such programs as the supplemental security income program under title XVI of the Social Security Act, the food stamp program under the Food Stamp Act of 1977, the free and reduced price school lunch program established under the Richard B. Russell National School Lunch Act, the temporary assistance to needy families program established under part A of title IV of the Social Security Act, and the women, infants and children program established under Section 17 of the Child Nutrition Act of 1966, and other programs identified by the Secretary.

(e) REPORTING REQUIREMENTS.—The Secretary shall regularly evaluate the impact of the eligibility guidelines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A) and (c)(2)(A) of this section. In particular, the Secretary shall evaluate whether, under the definition of means-tested Federal benefit programs in subsection (d), the Simplified Needs Test continues to be targeted to the maximum number of low- and moderate-income students.

SEC. 479A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

[(a) IN GENERAL.—]

(a) AUTHORITY TO MAKE ADJUSTMENTS.—

(1) ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES.—Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances.

(2) SPECIAL CIRCUMSTANCES DEFINED.—Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, the number of parents enrolled at least half-time in a degree, certificate, or other program leading to a recognized educational credential at an institution with a program participation agreement under section 487, *a student's status as a ward of the court at any time prior to attaining 18 years of age, a student's status as an individual who was adopted at or after age 13, a student's status as a homeless or unaccompanied youth (as defined in section 725 of the McKinney-Vento Homeless Assistance Act),* or other changes in a family's income, a family's assets, or a student's status. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students.

(3) DOCUMENTATION AND USE OF SUPPLEMENTARY INFORMATION.—Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title.

(4) FEES FOR SUPPLEMENTARY INFORMATION PROHIBITED.—No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

* * * * * * *

SEC. 480. DEFINITIONS.

As used in this part:

(a) * * *

* * * * * * *

(d) INDEPENDENT STUDENT.—The term "independent", when used with respect to a student, means any individual who—

(1) * * *

[(2) is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18;**]**

(2) is an orphan, in foster care, or a ward of the court, or was in foster care or a ward of the court until the individual reached the age of 18;

(3) is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1)) *or is currently serving on active duty in the Armed Forces for other than training purposes*;

* * * * * * *

(e) EXCLUDABLE INCOME.—The term "excludable income" means—

(1) * * *

* * * * * * *

(3) child support payments made by the student or parent; **[**and**]**

(4) payments made and services provided under part E of title IV of the Social Security Act**[**.**]***; and*

(5) any part of any distribution from a qualified tuition program established under section 529 of the Internal Revenue Code of 1986 that is not includable in gross income under such section 529.

(f) ASSETS.—(1) The term "assets" means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, *qualified tuition programs established under section 529 of the Internal Revenue Code of 1986 (26 U.S.C. 529), except as provided in paragraph (2),* and the net value of real estate, income producing property, and business and farm assets.

(2) A qualified tuition program shall not be considered an asset of a dependent student under section 475 of this part. The value of a qualified tuition program for purposes of determining the assets of parents or independent students shall be—

(A) the refund value of any tuition credits or certificates purchased under section 529 of the Internal Revenue Code of 1986 (26 U.S.C. 529) on behalf of a beneficiary; or

(B) the current balance of any account which is established under such section for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account.

[(2)**]** *(3)* With respect to determinations of need under this title, other than for subpart 4 of part A, the term "assets" shall not include the net value of—

(A) the family's principal place of residence; **[**or**]**

(B) a family farm on which the family resides**[**.**]***; or*

(C) a small business with not more than 100 full-time or full-time equivalent employees (or any part of such a small business) that is owned and controlled by the family.

* * * * * * *

(j) OTHER FINANCIAL ASSISTANCE**[**; TUITION PREPAYMENT PLANS**]**.—(1) For purposes of determining a student's eligibility for funds under this title, estimated financial assistance not received under this title shall include all scholarships, grants, loans, or other assistance known to the institution at the time the determination of the student's need is made, including veterans' education benefits as defined in subsection (c), and national service educational awards or post-service benefits under title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

[(2)(A) Except as provided in subparagraph (B), for purposes of determining a student's eligibility for funds under this title, tuition prepayment plans shall reduce the cost of attendance (as determined under section 472) by the amount of the prepayment, and shall not be considered estimated financial assistance.

[(B) If the institutional expense covered by the prepayment must be part of the student's cost of attendance for accounting purposes, the prepayment shall be considered estimated financial assistance.]

[(3)] *(2)* Notwithstanding paragraph (1), a tax credit taken under section 25A of the Internal Revenue Code of 1986*, or a distribution that is not includable in gross income under section 529 of such Code,* shall not be treated as estimated financial assistance for purposes of section 471(3).

(3) Notwithstanding paragraph (1) and section 472, assistance not received under this title may be excluded from both estimated financial assistance and cost of attendance, if that assistance is designated by the State providing that assistance to offset a specific component of the cost of attendance. If that assistance is excluded from either estimated financial assistance or cost of attendance, it shall be excluded from both.

* * * * * * *

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 481. DEFINITIONS.

(a) ACADEMIC AND AWARD YEAR.—(1) * * *

[(2) For the purpose of any program under this title, the term "academic year" shall require a minimum of 30 weeks of instructional time, and, with respect to an undergraduate course of study, shall require that during such minimum period of instructional time a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an institution that measures program length in credit hours, or at least 900 clock hours at an institution that measures program length in clock hours. The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree.]

(2)(A) For the purpose of any program under this title, the term "academic year" shall—

(i) require a minimum of 30 weeks of instructional time for a course of study that measures its program length in credit hours; or

(ii) require a minimum of 26 weeks of instructional time for a course of study that measures its program length in clock hours; and

(iii) require an undergraduate course of study to contain an amount of instructional time whereby a full-time student is expected to complete at least—

(I) 24 semester or trimester hours or 36 quarter credit hours in a course of study that measures its program length in credit hours; or

(II) 900 clock hours in a course of study that measures its program length in clock hours.

(B) The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree.

(b) ELIGIBLE PROGRAM.—(1) * * *

* * * * * * *

(3) For purposes of this title, an eligible program includes an instructional program that utilizes direct assessment of student learning, or recognizes the direct assessment of student learning, in lieu of credit hours or clock hours as the measure of student learning. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be eligible. The Secretary shall provide an annual report to Congress identifying the programs made eligible under this paragraph.

(4) An otherwise eligible program that is offered in whole or in part through telecommunications is eligible for the purposes of this title if the program is offered by an institution, other than a foreign institution, that has been evaluated and determined (before or after the date of enactment of this paragraph) to have the capability to effectively deliver distance education programs by an accrediting agency or association that—

(A) is recognized by the Secretary under subpart 2 of Part H; and

(B) has evaluation of distance education programs within the scope of its recognition, as described in section 496(n)(3).

* * * * * * *

(d) DEFINITIONS FOR MILITARY DEFERMENTS.—For purposes of parts B, D, and E of this title:

(1) ACTIVE DUTY.—The term "active duty" has the meaning given such term in section 101(d)(1) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

(2) MILITARY OPERATION.—The term "military operation" means a contingency operation as such term is defined in section 101(a)(13) of title 10, United States Code.

(3) NATIONAL EMERGENCY.—The term "national emergency" means the national emergency by reason of certain terrorist attacks declared by the President on September 14, 2001, or subsequent national emergencies declared by the President by reason of terrorist attacks.

(4) SERVING ON ACTIVE DUTY.—The term "serving on active duty during a war or other military operation or national emergency" means service by an individual who is—

(A) a Reserve of an Armed Force ordered to active duty under section 12301(a), 12301(g), 12302, 12304, or 12306 of title 10, United States Code, or any retired member of an Armed Force ordered to active duty under section 688 of such title, for service in connection with a war or other

military operation or national emergency, regardless of the location at which such active duty service is performed; and

(B) any other member of an Armed Force on active duty in connection with such emergency or subsequent actions or conditions who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

(5) QUALIFYING NATIONAL GUARD DUTY.—The term "qualifying National Guard duty during a war or other military operation or national emergency" means service as a member of the National Guard on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal funds.

SEC. 482. MASTER CALENDAR.

(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:

(1) Development and distribution of Federal and multiple data entry forms—

(A) * * *

[(B) by March 1: proposed modifications and updates pursuant to section 478 published in the Federal Register;**]**

(B) by March 1: proposed modifications, updates, and notices pursuant to sections 478, 479(c)(2)(C), and 483(a)(6) published in the Federal Register;

* * * * * * *

(d) NOTICE TO CONGRESS.—The Secretary shall notify the **[**Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives**]** *authorizing committees* when a deadline included in the calendar described in subsection (a) is not met. Nothing in this section shall be interpreted to penalize institutions or deny them the specified times allotted to enable them to return information to the Secretary based on the failure of the Secretary to adhere to the dates specified in this section.

SEC. 483. FORMS AND REGULATIONS.

(a) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING.—

[(1) SINGLE FORM REQUIRED.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A). The Secretary shall include on the form developed under this subsection such data items as the Secretary determines are appropriate for inclusion. Such items shall be selected in consultation with States to assist in

the awarding of State financial assistance. In no case shall the number of such data items be less than the number included on the form on the date of enactment of the Higher Education Amendments of 1998. Such form shall satisfy the requirements of section 401(d) of this title.

[(2) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORM PROHIBITED.—The common financial reporting form prescribed by the Secretary under paragraph (1) shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of such form. The need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A) may only be determined by using the form developed by the Secretary pursuant to paragraph (1) of this subsection. No student may receive assistance under parts A through E of this title (other than under subpart 4 of part A), except by use of the form developed by the Secretary pursuant to this section. No data collected on a form for which a fee is charged shall be used to complete the form prescribed under paragraph (1).]

(1) IN GENERAL.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge common financial reporting forms as described in this subsection to be used for application and reapplication to determine the need and eligibility of a student for financial assistance under parts A through E (other than subpart 4 of part A). These forms shall be made available to applicants in both paper and electronic formats and shall be referred to as the "Free Application for Federal Student Aid" or the "FAFSA" .

(2) EARLY ESTIMATES.—

(A) IN GENERAL.—The Secretary shall permit applicants to complete such forms as described in this subsection in the 4 years prior to enrollment in order to obtain a non-binding estimate of the family contribution, as defined in section 473. The estimate shall clearly and conspicuously indicate that it is only an estimate of family contribution, and may not reflect the actual family contribution of the applicant that shall be used to determine the grant, loan, or work assistance that the applicant may receive under this title when enrolled in a program of postsecondary education. Such applicants shall be permitted to update information submitted on forms described in this subsection using the process required under paragraph (5)(A).

(B) EVALUATION.—Two years after the early estimates are implemented under this paragraph and from data gathered from the early estimates, the Secretary shall evaluate the differences between initial, non-binding early estimates and the final financial aid award made available under this title.

(C) REPORT.—The Secretary shall provide a report to the authorizing committees on the results of the evaluation.

(3) PAPER FORMAT.—

(A) IN GENERAL.—The Secretary shall produce, distribute, and process common forms in paper format to meet

the requirements of paragraph (1). The Secretary shall develop a common paper form for applicants who do not meet the requirements of subparagraph (B).

(B) EZ FAFSA.—

(i) IN GENERAL.—The Secretary shall develop and use a simplified paper application form, to be known as the "EZ FAFSA", to be used for applicants meeting the requirements of section 479(c).

(ii) REDUCED DATA REQUIREMENTS.—The form under this subparagraph shall permit an applicant to submit, for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under section 479(c).

(iii) STATE DATA.—The Secretary shall include on the form under this subparagraph such data items as may be necessary to award State financial assistance, as provided under paragraph (6), except that the Secretary shall not include a State's data if that State does not permit its applicants for State assistance to use the form under this subparagraph.

(iv) FREE AVAILABILITY AND PROCESSING.—The provisions of paragraph (7) shall apply to the form under this subparagraph, and the data collected by means of the form under this subparagraph shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).

(v) TESTING.—The Secretary shall conduct appropriate field testing on the form under this subparagraph.

(C) PROMOTING THE USE OF ELECTRONIC FAFSA.—

(i) IN GENERAL.—The Secretary shall make an effort to encourage applicants to utilize the electronic forms described in paragraph (4).

(ii) MAINTENANCE OF THE FAFSA IN A PRINTABLE ELECTRONIC FILE.—The Secretary shall maintain a version of the paper forms described in subparagraphs (A) and (B) in a printable electronic file that is easily portable. The printable electronic file will be made easily accessible and downloadable to students on the same website used to provide students with the electronic application forms described in paragraph (4) of this subsection. The Secretary shall enable students to submit a form created under this subparagraph that is downloaded and printed from an electronic file format in order to meet the filing requirements of this section and in order to receive aid from programs under this title.

(iii) REPORTING REQUIREMENT.—The Secretary shall report annually to Congress on the impact of the digital divide on students completing applications for title IV aid described under this paragraph and paragraph (4). The Secretary will also report on the steps taken to eliminate the digital divide and phase out the paper form described in subparagraph (A) of this paragraph. The Secretary's report will specifically address the im-

pact of the digital divide on the following student populations: dependent students, independent students without dependents, and independent students with dependents other than a spouse.

(4) ELECTRONIC FORMAT.—

(A) IN GENERAL.—The Secretary shall produce, distribute, and process common forms in electronic format to meet the requirements of paragraph (1). The Secretary shall develop common electronic forms for applicants who do not meet the requirements of subparagraph (C) of this paragraph.

(B) STATE DATA.—The Secretary shall include on the common electronic forms space for information that needs to be submitted from the applicant to be eligible for State financial assistance, as provided under paragraph (6), except the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence.

(C) SIMPLIFIED APPLICATIONS: FAFSA ON THE WEB.—

(i) IN GENERAL.—The Secretary shall develop and use a simplified electronic application form to be used by applicants meeting the requirements under subsection (c) of section 479 and an additional, separate simplified electronic application form to be used by applicants meeting the requirements under subsection (b) of section 479.

(ii) REDUCED DATA REQUIREMENTS.—The simplified electronic application forms shall permit an applicant to submit for financial assistance purposes, only the data elements required to make a determination of whether the applicant meets the requirements under subsection (b) or (c) of section 479.

(iii) STATE DATA.—The Secretary shall include on the simplified electronic application forms such data items as may be necessary to award state financial assistance, as provided under paragraph (6), except that the Secretary shall not require applicants to complete data required by any State other than the applicant's State of residence.

(iv) AVAILABILITY AND PROCESSING.—The data collected by means of the simplified electronic application forms shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (9).

(v) TESTING.—The Secretary shall conduct appropriate field testing on the forms developed under this subparagraph.

(D) USE OF FORMS.—Nothing in this subsection shall be construed to prohibit the use of the forms developed by the Secretary pursuant to this paragraph by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software provider, a consortium thereof, or such other entities as the Secretary may designate.

(E) PRIVACY.—The Secretary shall ensure that data collection under this paragraph complies with section 552a of

title 5, United States Code, and that any entity using the electronic version of the forms developed by the Secretary pursuant to this paragraph shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the forms. Data collected by such electronic version of the forms shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such electronic version of the forms shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary, except as may be permitted under this title.

(F) SIGNATURE.—Notwithstanding any other provision of this Act, the Secretary may permit an electronic form under this paragraph to be submitted without a signature, if a signature is subsequently submitted by the applicant.

(5) STREAMLINING.—

(A) STREAMLINED REAPPLICATION PROCESS.—

(i) IN GENERAL.—The Secretary shall develop streamlined reapplication forms and processes, including both paper and electronic reapplication processes, consistent with the requirements of this subsection, for an applicant who applies for financial assistance under this title—

(I) in the academic year succeeding the year in which such applicant first applied for financial assistance under this title; or

(II) in any succeeding academic years.

(ii) MECHANISMS FOR REAPPLICATION.—The Secretary shall develop appropriate mechanisms to support reapplication.

(iii) IDENTIFICATION OF UPDATED DATA.—The Secretary shall determine, in cooperation with States, institutions of higher education, agencies, and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.

(iv) REDUCED DATA AUTHORIZED.—Nothing in this title shall be construed as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.

(v) ZERO FAMILY CONTRIBUTION.—Applicants determined to have a zero family contribution pursuant to section 479(c) shall not be required to provide any financial data in a reapplication form, except that which is necessary to determine eligibility under such section.

(B) REDUCTION OF DATA ELEMENTS.—

(i) REDUCTION ENCOURAGED.—Of the number of data elements on the FAFSA on the date of enactment of the College Access and Opportunity Act of 2005 (including

questions on the FAFSA for the purposes described in paragraph (6)), the Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall continue to reduce the number of such data elements following the date of enactment. Reductions of data elements under paragraph (3)(B), (4)(C), or (5)(A)(iv) shall not be counted towards the reduction referred to in this paragraph unless those data elements are reduced for all applicants.

(ii) REPORT.—The Secretary shall annually report to the House of Representatives and the Senate on the progress made of reducing data elements.

(6) STATE REQUIREMENTS.—

(A) IN GENERAL.—The Secretary shall include on the forms developed under this subsection, such State-specific data items as the Secretary determines are necessary to meet State requirements for State need-based financial aid under section 415C, except as provided in paragraphs (3)(B)(iii) and (4)(C)(iii) of this subsection. Such items shall be selected in consultation with State agencies in order to assist in the awarding of State financial assistance in accordance with the terms of this subsection, except as provided in paragraphs (3)(B)(iii) and (4)(C)(iii) of this subsection. The number of such data items shall not be less than the number included on the form on October 7, 1998, unless a State notifies the Secretary that the State no longer requires those data items for the distribution of State need-based financial aid.

(B) ANNUAL REVIEW.—The Secretary shall conduct an annual review process to determine which forms and data items the States require to award State need-based financial aid and other application requirements that the States may impose.

(C) STATE USE OF SIMPLIFIED FORMS.—The Secretary shall encourage States to take such steps as necessary to encourage the use of simplified application forms, including those described in paragraphs (3)(B) and (4)(C), to meet the requirements under subsection (b) or (c) of section 479.

(D) FEDERAL REGISTER NOTICE.—The Secretary shall publish on an annual basis a notice in the Federal Register requiring State agencies to inform the Secretary—

(i) if the State agency is unable to permit applicants to utilize the simplified application forms described in paragraphs (3)(B) and (4)(C); and

(ii) of the State-specific data that the State agency requires for delivery of State need-based financial aid.

(E) STATE NOTIFICATION TO THE SECRETARY.—

(i) IN GENERAL.—Each State agency shall notify the Secretary—

(I) whether the State permits an applicant to file a form described in paragraph (3)(B) or paragraph (4)(C) of this subsection for purposes of determining eligibility for State need-based financial aid; and

(II) the State-specific data that the State agency requires for delivery of State need-based financial aid.

(ii) ACCEPTANCE OF FORMS.—In the event that a State does not permit an applicant to file a form described in paragraph (3)(B) or paragraph (4)(C) of this subsection for purposes of determining eligibility for State need-based financial aid—

(I) the State shall notify the Secretary if the State is not permitted to do so because of either State law or because of agency policy; and

(II) the notification under subclause (I) shall include an estimate of the program cost to permit applicants to complete simplified application forms under paragraphs (3)(B) and paragraph (4)(C) of this subsection.

(iii) LACK OF NOTIFICATION BY THE STATE.—If a State does not notify the Secretary pursuant to clause (i), the Secretary shall—

(I) permit residents of that State to complete simplified application forms under paragraphs (3)(B) and paragraph (4)(C) of this subsection; and

(II) not require any resident of that State to complete any data previously required by that State under this section.

(7) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORMS PROHIBITED.—

(A) FEES PROHIBITED.—The FAFSA, in whatever form (including the EZ–FAFSA, paper, electronic, simplified, or reapplication), shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of the FAFSA. The need and eligibility of a student for financial assistance under parts A through E of this title (other than under subpart 4 of part A) may only be determined by using the FAFSA developed by the Secretary pursuant to this subsection. No student may receive assistance under parts A through E of this title (other than under subpart 4 of part A), except by use of the FAFSA developed by the Secretary pursuant to this subsection. No data collected on a form for which a fee is charged shall be used to complete the FAFSA.

(B) NOTICE.—Any entity that provides to students or parents, or charges students or parents for, any value-added services with respect to or in connection with the FAFSA, such as completion of the FAFSA, submission of the FAFSA, or tracking of the FAFSA for a student, shall provide to students and parents clear and conspicuous notice that—

(i) the FAFSA is a free Federal student aid application;

(ii) the FAFSA can be completed without professional assistance; and

(iii) includes the current Internet address for the FAFSA on the Department's web site.

(8) APPLICATION PROCESSING CYCLE.—The Secretary shall enable students to submit a form created under this subsection in order to meet the filing requirements of this section and in order to receive aid from programs under this title and shall initiate the processing of applications under this subsection as early as practicable prior to January 1 of the student's planned year of enrollment.

[(3)**]** *(9)* DISTRIBUTION OF DATA.—Institutions of higher education, guaranty agencies, and States shall receive, without charge, the data collected by the Secretary using the form developed pursuant to this section for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education, guaranty agencies, or States to receive such data shall be subject to all the requirements of this section, unless such requirements are waived by the Secretary.

[(4)**]** *(10)* CONTRACTS FOR COLLECTION AND PROCESSING.—(A) The Secretary shall, to the extent practicable, enter into not less than 5 contracts with States, institutions of higher education, or private organizations for the purposes of the timely collection and processing of the form developed pursuant to paragraph (1) and the timely delivery of the data submitted on such form. The Secretary shall use such contracts to assist States and institutions of higher education with the collection of additional data required to award State or institutional financial assistance, except that the Secretary shall not include these additional data items on the common financial reporting form developed pursuant to this section. The Secretary shall include in each such contract a requirement that—

(i) * * *

* * * * * * *

[(5) ELECTRONIC FORMS.—(A) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private computer software providers, shall develop an electronic version of the form described in paragraph (1). As permitted by the Secretary, such an electronic version shall not require a signature to be collected at the time such version is submitted, if a signature is subsequently submitted by the applicant. The Secretary shall prescribe such version not later than 120 days after the date of enactment of the Higher Education Amendments of 1998.

[(B) Nothing in this section shall be construed to prohibit the use of the form developed by the Secretary pursuant to subparagraph (A) by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software providers, a consortium thereof, or such other entities as the Secretary may designate.

[(C) No fee shall be charged to students in connection with the use of the electronic version of the form, or of any other electronic forms used in conjunction with such form in applying for Federal or State student financial assistance.

[(D) The Secretary shall ensure that data collection complies with section 552a of title 5, United States Code, and that any

entity using the electronic version of the form developed by the Secretary pursuant to subparagraph (A) shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the electronic version of the form. Data collected by such version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary.]

[(6)] *(11)* THIRD PARTY SERVICERS AND PRIVATE SOFTWARE PROVIDERS.—To the extent practicable and in a timely manner, the Secretary shall provide, to private organizations and consortia that develop software used by eligible institutions for the administration of funds under this title, all the necessary specifications that the organizations and consortia must meet for the software the organizations and consortia develop, produce, and distribute (including any diskette, modem, or network communications) which are so used. The specifications shall contain record layouts for required data. The Secretary shall develop in advance of each processing cycle an annual schedule for providing such specifications. The Secretary, to the extent practicable, shall use means of providing such specifications, including conferences and other meetings, outreach, and technical support mechanisms (such as training and printed reference materials). The Secretary shall, from time to time, solicit from such organizations and consortia means of improving the support provided by the Secretary.

[(7)] *(12)* PARENT'S SOCIAL SECURITY NUMBER AND BIRTH DATE.—The Secretary is authorized to include on the form developed under this subsection space for the social security number and birth date of parents of dependent students seeking financial assistance under this title.

(13) EXPANDING INFORMATION DISSEMINATION REGARDING ELIGIBILITY FOR PELL GRANTS.—The Secretary shall make special efforts, in conjunction with State efforts, to notify students and their parents who qualify for a free lunch under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), the Food Stamps program, or such other programs as the Secretary shall determine, of their potential eligibility for a maximum Pell Grant, and shall disseminate such informational materials as the Secretary deems appropriate.

* * * * * * *

(c) INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* at least 45 days prior to their effective date.

(d) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form for assistance under this title. Such service shall also include a service accessible by telecommunications devices for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education [that is authorized under section 685(d)(2)(C)], *or another appropriate provider of technical assistance and information on postsecondary educational services, that is supported under section 663* of the Individuals with Disabilities Education Act.

* * * * * * *

(f) ADDRESSING THE DIGITAL DIVIDE.—The Secretary shall utilize savings accrued by moving more applicants to the electronic forms described in subsection (a)(4) to improve access to the electronic forms described in subsection (a)(4) for applicants meeting the requirements of section 479(c).

SEC. 484. STUDENT ELIGIBILITY.

(a) IN GENERAL.—In order to receive any grant, loan, or work assistance under this title, a student must—

(1) * * *

* * * * * * *

(4) file with the Secretary, as part of the original financial aid application process, a [certification,,] *certification,* which need not be notarized, but which shall include—

(A) * * *

* * * * * * *

(5) be a citizen or national of the United States, a permanent resident of the United States, able to provide evidence from the Immigration and Naturalization Service that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident, a citizen of any one of the Freely Associated States[.]*; and*

(6) if the student has been convicted of, or has pled nolo contendere or guilty to, a crime involving fraud in obtaining funds under this title, have completed the repayment of such funds to the Secretary, or to the holder in the case of a loan under this title obtained by fraud.

(b) ELIGIBILITY FOR STUDENT LOANS.—(1) * * *

(2) In order to be eligible to receive any loan under [section 428A] *section 428H* for any period of enrollment, a student shall—

(A) have received a determination of need for a loan under section 428(a)(2)(B) of this title; *and*

(B) if determined to have need for a loan under section 428, have applied for such a loan[; and].

[(C) has applied for a loan under section 428H, if such student is eligible to apply for such a loan.]

* * * * * * *

(5) Notwithstanding any other provision of this subsection, no incarcerated student *or parent (on behalf of a student)* is eli-

gible to receive a loan under this title*, and no student who is subject to an involuntary civil commitment upon completion of a period of incarceration for a sexual offense (as determined under regulations of the Secretary) is eligible to receive a loan under this title*.

* * * * * * *

[(d) STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.—] *(d) SATISFACTION OF SECONDARY EDUCATION STANDARDS.*—In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 3, and 4 of part A and parts B, C, D, and E of this title, the student shall meet one of the following standards:

(1) * * *

* * * * * * *

(j) ASSISTANCE UNDER SUBPARTS 1 AND 3 OF PART A, AND PART C.—Notwithstanding any other provision of law, a student shall be eligible until September 30, 2004, for assistance under subparts 1 and 3 of part A, and part C, *and shall be eligible only for assistance under subpart 1 of part A thereafter,* if the student is otherwise qualified and—

(1) * * *

* * * * * * *

(l) COURSES OFFERED THROUGH TELECOMMUNICATIONS.—

(1) RELATION TO CORRESPONDENCE COURSES.—

(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate [for a program of study of 1 year or longer], or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses [unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of the total amount of all courses at the institution].

[(B) REQUIREMENT.—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

[(i) that is not an institute or school described in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act; and

[(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree.]

(B) EXCEPTION.—Subparagraph (A) does not apply to an institution or school described in section 3(3)(C) of the Carl D. Perkins Vocational and Technical Education Act of 1998.

* * * * * * *

(q) VERIFICATION OF INCOME DATA.—

[(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the adjusted gross income, Federal income taxes paid, filing status, and exemptions reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.]

(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the information specified in section 6103(l)(13) of the Internal Revenue Code of 1986 reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.

* * * * * * *

(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

[(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:]

(1) IN GENERAL.—A student who is convicted of any offense under any Federal or State law involving the possession or 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 table:

If convicted of an offense involving:	
The possession of a controlled substance:	**Ineligibility period is:**
First offense	1 year
Second offense	2 years
Third offense	Indefinite.
The sale of a controlled substance:	**Ineligibility period is:**
First offense	2 years
Second offense	Indefinite.

* * * * * * *

SEC. 484A. STATUTE OF LIMITATIONS, AND STATE COURT JUDGMENTS.

(a) * * *

(b) ASSESSMENT OF COSTS AND OTHER CHARGES.—Notwithstanding any provision of State law to the contrary—

(1) * * *

(2) in collecting any obligation arising from a loan made under [part B of this title] *part B, D, or E of this title*, a guar-

anty agency or the Secretary shall not be subject to a defense raised by any borrower based on a claim of infancy.

* * * * * * *

SEC. 484B. INSTITUTIONAL REFUNDS.

(a) RETURN OF TITLE IV FUNDS.—

(1) IN GENERAL.—If a recipient of assistance under this title withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the amount of grant or loan assistance (other than assistance received under *subpart 4 of part A or* part C) to be returned to the title IV programs is calculated according to paragraph (3) and returned in accordance with subsection (b).

(2) LEAVE OF ABSENCE.—

(A) LEAVE NOT TREATED AS WITHDRAWAL.—In the case of a student who **[**takes a leave**]** *takes one or more leaves* of absence from an institution for not more than a total of 180 days in any 12-month period, the institution may consider the student as not having withdrawn from the institution during the leave of absence, and not calculate the amount of grant and loan assistance provided under this title that is to be returned in accordance with this section if—

(i) * * *

* * * * * * *

(3) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

(A) * * *

(B) PERCENTAGE EARNED.—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

(i) * * *

(ii) 100 percent, if the day the student withdrew occurs after the student has completed *(as determined in accordance with subsection (d))* 60 percent of the payment period or period of enrollment.

* * * * * * *

(4) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

[(A) IN GENERAL.—If the student has received less grant or loan assistance than the amount earned as calculated under subparagraph (A) of paragraph (3), the institution of higher education shall comply with the procedures for late disbursement specified by the Secretary in regulations.**]**

(A) IN GENERAL.—After determining the eligibility of the student for a late disbursement or post-withdrawal disbursement (as required in regulations prescribed by the Secretary), the institution of higher education shall contact the borrower and obtain confirmation that the loan funds are still required by the borrower. In making such contact, the institution shall explain to the borrower the borrower's obligation to repay the funds following any such disbursement. The institution shall document in the borrower's file

the result of such contact and the final determination made concerning such disbursement.

* * * * * * *

(b) RETURN OF TITLE IV PROGRAM FUNDS.—

(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return *no later than 45 days from the determination of withdrawal*, in the order specified in paragraph (3), the lesser of—

(A) * * *

* * * * * * *

(2) RESPONSIBILITY OF THE STUDENT.—

(A) * * *

* * * * * * *

[(C) REQUIREMENT.—Notwithstanding subparagraphs (A) and (B), a student shall not be required to return 50 percent of the grant assistance received by the student under this title, for a payment period or period of enrollment, that is the responsibility of the student to repay under this section.**]**

(C) GRANT OVERPAYMENT REQUIREMENTS.—

(i) IN GENERAL.—Notwithstanding subparagraphs (A) and (B), a student shall only be required to return grant assistance in the amount (if any) by which—

(I) the amount to be returned by the student (as determined under subparagraphs (A) and (B)), exceeds

(II) 50 percent of the total grant assistance received by the student under this title for the payment period or period of enrollment.

(ii) MINIMUM.—A student shall not be required to return amounts of $50 or less.

(D) WAIVERS OF PELL GRANT REPAYMENT BY STUDENTS AFFECTED BY DISASTERS.—The Secretary may waive the amounts that students are required to return under this section with respect to Pell grants if the withdrawals on which the returns are based are withdrawals by students—

(i) who were residing in, employed in, or attending an institution of higher education that is located in an area in which the President has declared that a major disaster exists, in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170);

(ii) whose attendance was interrupted because of the impact of the disaster on the student or the institution; and

(iii) whose withdrawal ended within the academic year during which the designation occurred or during the next succeeding academic year.

* * * * * * *

(d) PERCENTAGE OF THE PAYMENT PERIOD OR PERIOD OF ENROLLMENT COMPLETED.—For purposes of subsection **[**(a)(3)(B)(i)**]** *(a)(3)(B)*, the percentage of the payment period or period of enroll-

ment for which assistance was awarded that was completed, is determined—

(1) * * *

* * * * * * *

SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. [The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media, to an enrolled student and to any prospective student.] *The information required by this section shall be produced and be made publicly available to an enrolled student and to any prospective student, through appropriate publications, mailings, electronic media, and the reports required by the institution's accrediting agency under section 496(c)(9).* Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the General Education Provisions Act (also referred to as the Family Educational Rights and Privacy Act of 1974), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe—

(A) * * *

* * * * * * *

[(G) the academic program of the institution, including (i) the current degree programs and other educational and training programs, (ii) the instructional, laboratory, and other physical plant facilities which relate to the academic program, and (iii) the faculty and other instructional personnel;]

(G) the academic programs of the institution, including—

(i) the current degree programs and other educational and training programs;

(ii) the institution's educational mission and goals;

(iii) the instructional, laboratory, and other physical plant facilities which relate to the academic programs; and

(iv) the faculty and other instructional personnel;

* * * * * * *

(J) the names of associations, agencies, or governmental bodies which accredit, approve, or license the institution and its programs, and the procedures under which any current or prospective student may obtain or review upon request a copy of the documents describing the institution's accreditation, approval, or licensing*, and the process for students to register complaints with the accrediting agencies or associations*;

* * * * * * *

[(L) the completion or graduation rate of certificate- or degree-seeking, full-time, undergraduate students entering such institutions;]

(L) a summary of student outcomes for full-time undergraduate students, including—

(i) the completion or graduation rates of certificate- or degree-seeking undergraduate students entering such institutions; and

(ii) any other student outcome data, qualitative or quantitative, including data regarding distance education, deemed by the institution to be appropriate to its stated educational mission and goals, and, when applicable, licensing and placement rates for professional and vocational programs;

(M) the terms and conditions under which students receiving [guaranteed student loans under part B of this title or direct student loans under part E of this title, or both,] *student loans under part B, D, or E of this title* may—

(i) * * *

* * * * * * *

(N) that enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment in the home institution for purposes of applying for Federal student financial assistance; [and]

(O) the campus crime report prepared by the institution pursuant to subsection (f), including all required reporting categories[.]*;*

(P) the penalties contained in subsection 484(r) regarding suspension of eligibility for drug related offenses;

(Q) the policies of the institution regarding the acceptance or denial of academic credit earned at another institution of higher education, which shall include a statement that such decisions will not be based solely on the source of accreditation of a sending institution, provided that the sending institution is accredited by an agency or association that is recognized by the Secretary pursuant to section 496 to be a reliable authority as to the quality of the education or training offered, and except that nothing in this subparagraph shall be construed to—

(i) authorize an officer or employee of the Department to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any institution of higher education, or over any accrediting agency or association;

(ii) limit the application of the General Education Provisions Act; or

(iii) create any legally enforceable right; and

(R) the fire safety report prepared by the institution pursuant to subsection (h).

* * * * * * *

[(6) Each institution may provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students described in paragraph (4) or for students transferring into the institution or information showing the rate at which students transfer out of the institution.]

(6) Each institution may provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students described in paragraph (4). For the purpose

of this paragraph, the definitions provided in the Integrated Postsecondary Education Data System shall apply.

(7) Each eligible institution participating in any program under this title may publicly report to currently enrolled and prospective students the voluntary information collected by the National Survey of Student Engagement (NSSE), the Community College Survey of Student Engagement (CCSSE), or other instruments that provide evidence of student participation in educationally purposeful activities. The information shall be produced and made available in a uniform and comprehensible manner, through appropriate publications, mailings, and electronic media, and may be included in reports required by the institution's accrediting agency.

(b) EXIT COUNSELING FOR BORROWERS.—(1) * * *

* * * * * * *

(3) Each eligible institution shall, during the exit interview required by this subsection, provide to a borrower of a loan made under part B, D, or E a clear and conspicuous notice describing the effect of using a consolidation loan to discharge the borrower's student loans, including—

(A) the effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

(B) the effects of consolidation on a borrower's underlying loan benefits, including loan forgiveness, cancellation, and deferment;

(C) the ability for the borrower to prepay the loan, pay on a shorter schedule, and to change repayment plans, and that borrower benefit programs may vary among different loan holders;

(D) the tax benefits for which the borrower may be eligible; and

(E) the consequences of default.

* * * * * * *

(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title*, other than a foreign institution of higher education,* shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) * * *

* * * * * * *

(5) On an annual basis, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(F). The Secretary shall—

(A) review such statistics and report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Sen-

ate] *authorizing committees* on campus crime statistics by September 1, 2000;

* * * * * * *

(g) DATA REQUIRED.—

(1) * * *

* * * * * * *

(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—

(A) * * *

(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) and submit such report to the [Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *authorizing committees* by April 1, 2000. The report shall—

(i) * * *

* * * * * * *

(h) DISCLOSURE OF FIRE SAFETY STANDARDS AND MEASURES.—

(1) ANNUAL FIRE SAFETY REPORTS REQUIRED.—Each institution participating in any program under this title shall, beginning in the first academic year that begins after the date of enactment of the College Access and Opportunity Act of 2005, and each year thereafter, prepare, publish, and distribute, through appropriate publications (including the Internet) or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual fire safety report. Such reports shall contain at least the following information with respect to the campus fire safety practices and standards of that institution:

(A) A statement that identifies each institution-owned or controlled student housing facility, and whether or not such facility is equipped with a fire sprinkler system or other fire safety system, or has fire escape planning or protocols.

(B) Statistics for each such facility concerning the occurrence of fires and false alarms in such facility during the 2 preceding calendar years for which data are available.

(C) For each such occurrence in each such facility, a summary of the human injuries or deaths, structural or property damage, or combination thereof.

(D) Information regarding rules on portable electrical appliances, smoking and open flames (such as candles), regular mandatory supervised fire drills, and planned and future improvements in fire safety.

(E) Information about fire safety education and training provided to students, faculty, and staff.

(F) Information concerning fire safety at any housing facility owned or controlled by a fraternity, sorority, or student group that is recognized by the institution, including—

(i) information reported to the institution under paragraph (4); and

(ii) a statement concerning whether and how the institution works with recognized student fraternities and sororities, and other recognized student groups

owning or controlling housing facilities, to make each building and property owned or controlled by such fraternities, sororities, and groups more fire safe.

(2) FRATERNITIES, SORORITIES, AND OTHER GROUPS.—Each institution participating in a program under this title shall request each fraternity and sorority that is recognized by the institution, and any other student group that is recognized by the institution and that owns or controls housing facilities, to collect and report to the institution the information described in subparagraphs (A) through (E) of paragraph (1), as applied to the fraternity, sorority, or recognized student group, respectively, for each building and property owned or controlled by the fraternity, sorority, or group, respectively.

(3) CURRENT INFORMATION TO CAMPUS COMMUNITY.—Each institution participating in any program under this title shall make, keep, and maintain a log, written in a form that can be easily understood, recording all on-campus fires, including the nature, date, time, and general location of each fire and all false fire alarms. All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law, be open to public inspection, and each such institution shall make annual reports to the campus community on such fires and false fire alarms in a manner that will aid the prevention of similar occurrences.

(4) REPORTS TO THE SECRETARY.—On an annual basis, each institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under paragraph (1)(B). The Secretary shall—

(A) review such statistics;

(B) make copies of the statistics submitted to the Secretary available to the public; and

(C) in coordination with nationally recognized fire organizations and representatives of institutions of higher education, identify exemplary fire safety policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus fires.

(5) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to fire safety.

(6) DEFINITIONS.—In this subsection, the term "campus" has the meaning provided in subsection (f)(6).

* * * * * * *

SEC. 485B. NATIONAL STUDENT LOAN DATA SYSTEM.

(a) DEVELOPMENT OF THE SYSTEM.—The Secretary shall consult with a representative group of guaranty agencies, eligible lenders, and eligible institutions to develop a mutually agreeable proposal for the establishment of a National Student Loan Data System containing information regarding loans made, insured, or guaranteed under part B and loans made under parts D and E, and for allowing the electronic exchange of data between program participants and the system. In establishing such data system, the Secretary shall place a priority on providing for the monitoring of enrollment,

student status, information about current loan holders and servicers, and internship and residency information. Such data system shall also permit borrowers to use the system to identify the current loan holders and servicers of such borrower's loan not later than one year after the date of enactment of the Higher Education Amendments of 1998. The information in the data system shall include (but is not limited to)—

(1) * * *

* * * * * * *

(5) the exact amount of loans partially or totally canceled or in deferment for service under the Peace Corps Act [(22 U.S.C. 2501 et seq.)),] *(22 U.S.C. 2501 et seq.),* for service under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), and for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness[.]*;*

[(5)] *(6)* the eligible institution in which the student was enrolled or accepted for enrollment at the time the loan was made, and any additional institutions attended by the borrower;

[(6)] *(7)* the total amount of loans made to any borrower and the remaining balance of the loans;

[(7)] *(8)* the lender, holder, and servicer of such loans;

[(8)] *(9)* information concerning the date of any default on the loan and the collection of the loan, including any information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan;

[(9)] *(10)* information regarding any deferments or forbearance granted on such loans; and

[(10)] *(11)* the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

* * * * * * *

SEC. 485D. COLLEGE ACCESS INITIATIVE.

(a) STATE-BY-STATE INFORMATION.—The Secretary shall direct each guaranty agency with which the Secretary has an agreement under section 428(c) to provide to the Secretary the information necessary for the development of web links and access for students and families to a comprehensive listing of the postsecondary education opportunities, programs, publications, Internet Web sites, and other services available in the States for which such agency serves as the designated guarantor.

(b) GUARANTY AGENCY ACTIVITIES.—

(1) PLAN AND ACTIVITY REQUIRED.—Each guaranty agency with which the Secretary has an agreement under section 428(c) shall develop a plan and undertake the activity necessary to gather the information required under subsection (a) and to make such information available to the public and to the Secretary in a form and manner as prescribed by the Secretary.

(2) ACTIVITIES.—Each guaranty agency shall undertake such activities as are necessary to promote access to postsecondary education for students through providing information on college planning, career preparation, and paying for college. The guar-

anty agency shall publicize such information and coordinate such activities with other entities that either provide or distribute such information in the States for which such guaranty agency serves as the designated guarantor.

(3) FUNDING.—The activities required by this section may be funded from the guaranty agency's operating account established pursuant to section 422B and, to the extent funds remain, from earnings on the restricted account established pursuant to section 422(h)(4).

(c) ACCESS TO INFORMATION.—

(1) SECRETARY'S RESPONSIBILITY.—The Secretary shall ensure the availability of the information provided by the guaranty agencies in accordance with this section to students, parents, and other interested individuals, through web links or other methods prescribed by the Secretary.

(2) GUARANTY AGENCY RESPONSIBILITY.—The guaranty agencies shall ensure that the information required by this section is available without charge in printed format for students and parents requesting such information.

(3) PUBLICITY.—Within 270 days after the date of enactment of the College Access and Opportunity Act of 2005, the Secretary and guaranty agencies shall publicize the availability of the information required by this section, with special emphasis on ensuring that populations that are traditionally underrepresented in postsecondary education are made aware of the availability of such information.

SEC. 486. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

(a) * * *

(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

(1) * * *

(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(a) and 481(b) as such sections relate to requirements for a minimum number of weeks of instruction, sections [102(a)(3)(A), 102(a)(3)(B)] *101(b)(4)(A), 101(b)(4)(B)*, and 484(l)(1), or one or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

(3) ELIGIBLE APPLICANTS.—

(A) * * *

(B) PROHIBITION.—An institution of higher education described in [section 102(a)(1)(C)] *section 102* shall not be eligible to participate in the demonstration program authorized under this section.

(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of [subsection (a) of section 102, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection,] *section 101, other than the requirements of subparagraph (A) or (B) of subsection (b)(4) of such section* and that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree,

shall be eligible to participate in the demonstration program authorized under this section.

* * * * * * *

(d) SELECTION.—

(1) IN GENERAL.—For the first year of the demonstration program authorized under this section, the Secretary is authorized to select for participation in the program not more than 15 institutions, systems of institutions, or consortia of institutions. For [the third year] *subsequent years* of the demonstration program authorized under this section, the Secretary may select not more than [35] *100* institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g). *Not more than 5 of such institutions, systems, or consortia may be accredited, degree-granting correspondence schools.*

* * * * * * *

(e) NOTIFICATION.—The Secretary shall make available to the public and to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* a list of institutions, systems or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution, system or consortium and a description of the distance education courses to be offered.

(f) EVALUATIONS AND REPORTS.—

(1) * * *

* * * * * * *

(3) REPORTS.—

(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* with respect to—

(i) * * *

* * * * * * *

(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* on an annual basis regarding—

(i) * * *

* * * * * * *

SEC. 486A. COLLEGE AFFORDABILITY DEMONSTRATION PROGRAM.

(a) PURPOSE.—It is the purpose of this section—

(1) to provide, through a college affordability demonstration program, for increased innovation in the delivery of higher education and student financial aid in a manner resulting in re-

duced costs for students as well as the institution by employing one or more strategies including accelerating degree or program completion, increasing availability of, and access to, distance components of education delivery, engaging in collaborative arrangements with other institutions and organizations, and other alternative methodologies; and

(2) to help determine—

(A) the most effective means of delivering student financial aid as well as quality education;

(B) the specific statutory and regulatory requirements that should be altered to provide for more efficient and effective delivery of student financial aid, as well as access to high quality distance education programs, resulting in a student more efficiently completing postsecondary education; and

(C) the most effective methods of obtaining and managing institutional resources.

(b) DEMONSTRATION PROGRAM AUTHORIZED.—

(1) IN GENERAL.—In accordance with the purposes described in subsection (a) and the provisions of subsection (d), the Secretary is authorized to select not more than 100 institutions of higher education, including those applying as part of systems or consortia of such institutions, for voluntary participation in the College Affordability Demonstration Program in order to enable participating institutions to carry out such purposes by providing programs of postsecondary education, and making available student financial assistance under this title to students enrolled in those programs, in a manner that would not otherwise meet the requirements of this title.

(2) WAIVERS.—The Secretary is authorized to waive for any institutions of higher education, or any system or consortia of institutions of higher education, selected for participation in the College Affordability Demonstration Program, any requirements of this Act or the regulations thereunder as deemed necessary by the Secretary to meet the purpose described in subsection (a)(1), and shall make a determination that the waiver can reasonably be expected to result in reduced costs to students or institutions without an increase in Federal program costs. The Secretary may not waive under this paragraph the maximum award amounts for an academic year or loan period.

(3) ELIGIBLE APPLICANTS.—

(A) ELIGIBLE INSTITUTIONS.—Except as provided in subparagraph (B), only an institution of higher education that is eligible to participate in programs under this title shall be eligible to participate in the demonstration program authorized under this section.

(B) PROHIBITION.—An institution of higher education described in section 102 shall not be eligible to participate in the demonstration program authorized under this section.

(c) APPLICATION.—

(1) IN GENERAL.—Each institution or system of institutions desiring to participate in the demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

(2) CONTENTS OF APPLICATIONS.—Each application for the college affordability demonstration program shall include at least the following:

(A) a description of the institution or system or consortium of institutions and what quality assurance mechanisms are in place to insure the integrity of the Federal financial aid programs;

(B) a description of the innovation or innovations being proposed and the affected programs and students, including—

(i) a description of any collaborative arrangements with other institutions or organizations to reduce costs;

(ii) a description of any expected economic impact of participation in the program within the community in which the institution is located; and

(iii) a description of any means the institution will employ to reduce the costs of instructional materials, such as textbooks;

(C) a description of each regulatory or statutory requirement for which waivers are sought, with a reason for each waiver;

(D) a description of the expected outcomes of the program changes proposed, including the estimated reductions in costs both for the institution and for students;

(E) a description of the quality assurance mechanisms in place to ensure the integrity of the Federal financial aid programs;

(F) an assurance from each institution in a system or consortium of a commitment to fulfill its role as described in the application;

(G) an assurance that the participating institution or system of institutions will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

(H) any other information or assurances the Secretary may require.

(d) SELECTION.—In selecting institutions to participate in the demonstration program under this section, the Secretary shall take into account—

(1) the number and quality of applications received, determined on the basis of the contents required by subsection (c)(2);

(2) the Department's capacity to oversee and monitor each institution's participation;

(3) an institution's—

(A) financial responsibility;

(B) administrative capability;

(C) program or programs being offered via distance education, if applicable;

(D) student completion rates; and

(E) student loan default rates; and

(4) the participation of a diverse group of institutions with respect to size, mission, and geographic distribution.

(e) NOTIFICATION.—The Secretary shall make available to the public and to the authorizing committees a list of institutions selected to participate in the demonstration program authorized by

this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution and a description of the innovations being demonstrated.

(f) EVALUATIONS AND REPORTS.—

(1) EVALUATION.—The Secretary shall evaluate the demonstration program authorized under this section on a biennial basis. Such evaluations specifically shall review—

(A) the extent to which expected outcomes, including the estimated reductions in cost, were achieved;

(B) the number and types of students participating in the programs offered, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased;

(C) issues related to student financial assistance associated with the innovations undertaken;

(D) effective technologies and alternative methodologies for delivering student financial assistance;

(E) the extent of the cost savings to the institution, the student, and the Federal Government by virtue of the waivers provided, and an estimate as to future cost savings for the duration of the demonstration program;

(F) the extent to which students saved money by virtue of completing their postsecondary education sooner;

(G) the extent to which the institution reduced its tuition and fees and its costs by virtue of participation in the demonstration program;

(H) the extent to which any collaborative arrangements with other institutions or organizations have reduced the participating institution's costs; and

(I) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

(2) POLICY ANALYSIS.—The Secretary shall review current policies and identify those policies that present impediments to the implementation of innovations that result in cost savings and in expanding access to education.

(3) REPORTS.—The Secretary shall provide a report to the authorizing committees on a biennial basis regarding—

(A) the demonstration program authorized under this section;

(B) the results of the evaluations conducted under paragraph (1);

(C) the cost savings to the Federal Government by the demonstration program authorized by this section; and

(D) recommendations for changes to increase the efficiency and effective delivery of financial aid.

(g) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

(1) ensure compliance of institutions or systems of institutions with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

(2) provide technical assistance to institutions in their application to and participation in the demonstration program;

(3) monitor fluctuations in the student population enrolled in the participating institutions or systems of institutions;

(4) monitor changes in financial assistance provided at the institution; and

(5) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

(h) TERMINATION OF AUTHORITY.—The authority of the Secretary under this section shall cease to be effective on October 1, 2011.

SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart 4 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) * * *

* * * * * * *

(16)(A) The institution will not knowingly employ an individual in a capacity that involves the administration of programs under this title, or the receipt of program funds under this title *or other Federal, State, or local government funds*, who has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title *or other Federal, State, or local government funds*, or has been judicially determined to have committed fraud involving funds under this title *or other Federal, State, or local government funds* or contract with an institution or third party servicer that has been terminated under section 432 involving the acquisition, use, or expenditure of funds under this title *or other Federal, State, or local government funds*, or who has been judicially determined to have committed fraud involving funds under this title *or other Federal, State, or local government funds*.

(B) The institution will not knowingly contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been—

(i) convicted of, or pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title *or other Federal, State, or local government funds*; or

(ii) judicially determined to have committed fraud involving funds under this title *or other Federal, State, or local government funds*.

* * * * * * *

(22) The institution will comply with the [refund policy] *policy on the return of title IV funds* established pursuant to section 484B.

(23)(A) * * *

* * * * * * *

(C) This paragraph shall apply to general and special elections for Federal office, as defined in section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3)), and to the elections for Governor or other chief executive within such State).

(D) An institution shall be considered in compliance with the requirements of subparagraph (A) for any student to whom the institution electronically transmits a message containing a voter registration form acceptable for use in the State in which the institution is located, or an Internet address where such a form can be downloaded, provided such information is in an electronic message devoted to voter registration.

(24) The institution will, as calculated in accordance with subsection (f)(1), have at least 10 percent of its revenues from sources other than funds provided under this title, or will be subject to the sanctions described in subsection (f)(2).

(25) The institution will disclose to the alleged victim of any crime of violence (as that term is defined in section 16 of title 18), or a nonforcible sex offense, the final results of any disciplinary proceeding conducted by such institution against a student who is the alleged perpetrator of such crime or offense with respect to such crime or offense. If the alleged victim of such crime or offense is deceased, the next of kin of such victim shall be treated as the alleged victim for purposes of this paragraph.

* * * * * * *

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clauses (ii) and (iii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the appropriate State agency notifying the Secretary under subpart 1 of part H*, except that the Secretary may modify the requirements of this clause with respect to institutions of higher education that are foreign institutions, and may waive such requirements with respect to a foreign institution whose students receive less than $500,000 in loans under this title during the award year preceding the audit period*;

* * * * * * *

(iii) at the discretion of the Secretary, with regard to an eligible institution (other than an eligible institution described in ⟦section 102(a)(1)(C)⟧ *section 102*) that has obtained less than

$200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);

* * * * * * *

(d) DEFINITION OF ELIGIBLE INSTITUTION.—For the purpose of this section, the term "eligible institution" means any such institution described in section [102] *101* of this Act.

* * * * * * *

(f) IMPLEMENTATION OF NON-TITLE IV REVENUE REQUIREMENT.—

(1) CALCULATION.—In carrying out subsection (a)(24), an institution shall use the cash basis of accounting and count the following funds toward the 10 percent of revenues from sources of funds other than funds provided under this title:

(A) funds used by students to pay tuition, fees, and other institutional charges from sources other than funds provided under this title as long as the institution can reasonably demonstrate that such funds were used for such purposes;

(B) institutional funds used to satisfy matching-fund requirements for programs under this title;

(C) funds from savings plans for educational expenses established pursuant to the Internal Revenue Code of 1986;

(D) funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under this title, so long as the program is approved or licensed by the appropriate State agency or an accrediting agency recognized by the Secretary; and

(E) institutional aid, as follows:

(i) in the case of institutional loans, only the amount of loan repayments received during the fiscal year; and

(ii) in the case of institutional scholarships, only those provided by the institution in the form of monetary aid or tuition discounts based upon the academic achievements or financial need of students, disbursed during the fiscal year from an established restricted account, and only to the extent that the funds in that account represent designated funds from an outside source or from income earned on those funds.

(2) SANCTIONS.—An institution that fails to meet the requirements of subsection (a)(24) for 3 consecutive years shall become ineligible to participate in the programs authorized by this title. In addition to such other means of enforcing the requirements of this title as may be available to the Secretary, if an institution fails to meet the requirements of subsection (a)(24) in any year, the Secretary may impose one or more of the following sanctions on the institution:

(A) Place the institution on provisional certification in accordance with section 498(h) until the institution dem-

onstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).

(B) Require such other increased monitoring and reporting requirements as the Secretary determines necessary until the institution demonstrates, to the satisfaction of the Secretary, that it is in compliance with subsection (a)(24).

(3) PUBLICATION ON COOL WEBSITE.—The Secretary shall identify, on the College Opportunities On-Line website under section 131(b), any institution that fails to meet the requirements of subsection (a)(24) in any year as an institution that is failing to meet the minimum non-Federal source of revenue requirements of that subsection.

SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

(a) QUALITY ASSURANCE PROGRAM.—

(1) * * *

* * * * * * *

(5) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees*.

(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

(1) IN GENERAL.—The Secretary may continue any experimental sites in existence on the date of enactment of the [Higher Education Amendments of 1998] *College Access and Opportunity Act of 2005*. [Any activities approved by the Secretary prior to such date that are inconsistent with this section shall be discontinued not later than June 30, 1999.]

(2) REPORT.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of [1993 through 1998] *1998 through 2004* under this section [(as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998)], and shall submit a report based on this review and evaluation to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* not later than 6 months after the enactment of the [Higher Education Amendments of 1998.] *College Access and Opportunity Act of 2005.* Such report shall include—

(A) * * *

* * * * * * *

(3) SELECTION.—

(A) IN GENERAL.—[Upon the submission of the report required by paragraph (2), the Secretary is authorized to select a limited number of additional institutions for voluntary participation] *The Secretary is authorized to continue the voluntary participation of institutions partici-*

pating as of July 1, 2005, as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives*, and shall continue the participation of any such institution unless the Secretary determines that such institution's participation has not been successful in carrying out the purposes of this section*.

(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* and shall provide to such Committees—

(i) * * *

* * * * * * *

SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

(a) * * *

* * * * * * *

(c) MEMBERSHIP.—(1) * * *

* * * * * * *

(3) The appointment of members under subparagraphs (A) and (B) of paragraph (1) shall be effective upon publication of the appointment in the Congressional Record.

* * * * * * *

(h) PERSONNEL AND RESOURCES.—(1) The Advisory Committee may appoint such personnel as may be determined necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of [the rate authorized for GS–18 of the General Schedule] *the maximum rate payable under section 5376 of such title*. The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.

* * * * * * *

(k) TERM OF THE COMMITTEE.—Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, [2004] *2011*.

* * * * * * *

[SEC. 493A. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT.

[(a) PREPARATIONS FOR YEAR 2000.—In order to ensure that the processing, delivery, and administration of grant, loan, and work assistance provided under this title is not interrupted due to operational problems related to the inability of computer systems to in-

dicate accurately dates after December 31, 1999, the Secretary of Education shall—

[(1) take such actions as are necessary to ensure that all internal and external systems, hardware, and data exchange infrastructure administered by the Department that are necessary for the processing, delivery, and administration of the grant, loan, and work assistance are Year 2000 compliant by March 31, 1999, such that there will be no business interruption after December 31, 1999;

[(2) ensure that the Robert T. Stafford Federal Student Loan Program and the William D. Ford Federal Direct Loan Program are equal in level of priority with respect to addressing, and that resources are managed to equally provide for successful resolution of, the Year 2000 computer problem in both programs by December 31, 1999;

[(3) work with the Department's various data exchange partners under this title to fully test all data exchange routes for Year 2000 compliance via end-to-end testing, and submit a report describing the parameters and results of such tests to the Comptroller General not later than March 31, 1999;

[(4) ensure that the Inspector General of the Department (or an external, independent entity selected by the Inspector General) performs and publishes a risk assessment of the systems and hardware under the Department's management, that has been reviewed by an independent entity, and make such assessment publicly available not later than 60 days after the date of enactment of the Higher Education Amendments of 1998;

[(5) not later than June 30, 1999, ensure that the Inspector General (or an external, independent entity selected by the Inspector General) conducts a review of the Department's Year 2000 compliance for the processing, delivery, and administration of grant, loan, and work assistance, and submits a report reflecting the results of that review to the Chairperson of the Committee on Labor and Human Resources of the Senate and the Chairperson of the Committee on Education and the Workforce of the House of Representatives;

[(6) develop a contingency plan to ensure the programs under this title will continue to run uninterrupted in the event of widespread disruptions in the flow of accurate computerized data, which contingency plan shall include a prioritization of mission critical systems and strategies to allow data partners to transfer data through alternate means; and

[(7) alert Congress at the earliest possible time if mission critical deadlines will not be met.

[(b) POSTPONEMENT AUTHORITY FOR THE YEAR 2000.—

[(1) PURPOSE.—It is the purpose of this subsection to provide the Secretary with the flexibility necessary to—

[(A) ensure that the resources and capabilities of institutions, lenders, and guaranty agencies are not overburdened by the combination of student aid processing and delivery requirements added or modified by the amendments made by the Higher Education Amendments of 1998 and by the changes required to ensure that the systems of

the institutions, lenders and guaranty agencies are Year 2000 compliant; and

[(B) avoid the disruption of grant, loan, or work assistance funds awarded to students because of Year 2000 compliance problems at a substantial number of institutions, lenders, and guaranty agencies.

[(2) AUTHORITY TO POSTPONE.—The Secretary may postpone, for a period of time described in paragraph (3), the implementation of any requirements under part B, D, E, or G that are added or modified by the amendments made by the Higher Education Amendments of 1998 related to the processing or delivery of grant, loan, and work assistance (which shall not include the determination of need for such assistance) provided under this title, if the Secretary—

[(A) determines that—

[(i) implementation of such requirements would require extensive changes to the existing systems of institutions, lenders, or guaranty agencies; and

[(ii) postponement is necessary to avoid jeopardizing the ability of a substantial number of institutions, lenders, or guaranty agencies to ensure that all of the systems of the institutions, lenders, or guaranty agencies related to the processing or delivery of such assistance function successfully after December 31, 1999; and

[(B) promptly publishes in the Federal Register a list of, and notifies Congress of, any provisions, the implementation of which the Secretary intends to postpone, with the reasons for such postponement.

[(3) EXCEPTIONS TO AUTHORITY.—The Secretary may not postpone the implementation of one or more provisions described in this subsection longer than the earlier of—

[(A) the period of time that the Secretary determines necessary to ensure that the processing and delivery systems of the institutions, lenders, and guaranty agencies referred to in paragraph (1)(A)(ii) are capable of functioning successfully after December 31, 1999; or

[(B) one award year after the effective date applicable to such provision under the Higher Education Amendments of 1998.]

Subpart 2—Accrediting Agency Recognition

SEC. 496. RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.

(a) CRITERIA REQUIRED.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets criteria established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish criteria for such determinations. Such criteria shall include an appropriate measure or measures of student achievement. Such criteria shall require that—

(1) * * *

* * * * * * *

(3) if such agency or association is an agency or association described in—

(A) subparagraph (A)(i) of paragraph (2), then such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization; *or*

[(B) subparagraph (B) of paragraph (2), then such agency or association has been recognized by the Secretary on or before October 1, 1991; or]

[(C)] *(B)* subparagraph (C) of paragraph (2) and such agency or association has been recognized by the Secretary on or before October 1, 1991, then the Secretary may waive the requirement that such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization upon a demonstration that the existing relationship has not served to compromise the independence of its accreditation process;

(4)*(A)* such agency or association consistently applies and enforces standards *that consider the stated missions of institutions of higher education, including such missions as inculcation of religious values, and* that ensure that the courses or programs of instruction, training, or study offered by the institution of higher education, including distance education courses or programs, are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered; *and*

(B) if such agency or association already has or seeks to include within its scope of recognition the evaluation of the quality of institutions or programs offering distance education, such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that—

(i) the accreditation agency's or association's standards effectively address the quality of an institution's distance education programs in the areas identified in paragraph (5) of this subsection, except that the agency or association shall not be required to have separate standards, procedures, or policies for the evaluation of distance education institutions or programs in order to meet the requirements of this subparagraph; and

(ii) the agency or association requires that an institution that offers distance education programs to have processes by which it establishes that the student who registers in a distance education course or program is the same student who participates, completes academic work, and receives academic credit;

(5) the standards for accreditation of the agency or association assess the institution's—

[(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examinations, and job placement rates;]

(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of student academic achievement as determined by the institution (in accordance with standards of the accrediting agency or association), retention, course and program completion, State licensing examinations, and job placement rates, and other student performance information selected by the institution, particularly that information used by the institution to evaluate or strengthen its programs;

* * * * * * *

[(E) fiscal and administrative capacity as appropriate to the specified scale of operations;]

(E) fiscal, administrative capacity, as appropriate to the specified scale of operations, and, for an agency or association where its approval for such institution determines eligibility for student assistance under this title, board governance, within the context of the institution's mission;

* * * * * * *

[(6) such agency or association shall apply procedures throughout the accrediting process, including evaluation and withdrawal proceedings, that comply with due process, including—

[(A) adequate specification of requirements and deficiencies at the institution of higher education or program being examined;

[(B) notice of an opportunity for a hearing by any such institution;

[(C) the right to appeal any adverse action against any such institution; and

[(D) the right to representation by counsel for any such institution;]

(6) such an agency or association shall establish and apply review procedures throughout the accrediting process, including evaluation and withdrawal proceedings that comply with due process that provides for—

(A) adequate specification of requirements and deficiencies at the institution of higher education or program being examined;

(B) an opportunity for a written response by any such institution to be included in the evaluation and withdrawal proceedings;

(C) upon the written request of an institution, an opportunity for the institution to appeal any adverse action at a hearing prior to such action becoming final before an appeals panel that—

(i) shall not include current members of the agency or association's underlying decision-making body that made the adverse decision; and

(ii) is subject to a conflict of interest of policy; and

(D) the right to representation by counsel for an such institution;

* * * * * * *

[(8) such agency or association shall make available to the public, upon request, and to the Secretary, and the State licensing or authorizing agency a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.]

(8) such agency or association shall make available to the public and submit to the Secretary and the State licensing or authorizing agency, together with the comments of the affected institution, a summary of agency or association actions, involving—

(A) final denial, withdrawal, suspension, or termination of accreditation; and

(B) any other final adverse action taken with respect to an institution.

* * * * * * *

(c) OPERATING PROCEDURES REQUIRED.—No accrediting agency or association may be recognized by the Secretary as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this title, unless the agency or association—

(1) performs, at regularly established intervals, on-site inspections and reviews of institutions of higher education (which may include unannounced site visits) with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities *(including those regarding distance education)*;

* * * * * * *

(5) maintains and makes publicly available written materials regarding standards and procedures for accreditation, appeal procedures, and the accreditation status of each institution subject to its jurisdiction; [and]

(6) discloses publicly whenever an institution of higher education subject to its jurisdiction is being considered for accreditation or reaccreditation[.]*;*

(7) ensures that its onsite comprehensive reviews for accreditation or reaccreditation include evaluation of the substance of the information required in subparagraph (H) of section 485(a)(1);

(8) confirms as a part of its review for accreditation or reaccreditation that the institution has transfer policies—

(A) that are publicly disclosed; and

(B) that do not deny transfer of credit based solely on the accreditation of the sending institution as long as the association or agency is recognized by the Secretary pursuant to section 496;

(9) develops a brief summary, available to the public, of final adverse actions in accordance with the requirements of subsection (a)(8);

(10) monitors the enrollment growth of distance education to ensure that an institution experiencing signficant growth has the capacity to serve its students effectively;

(11) discloses publicly, on the agency's website or through other similar dissemination—

(A) a list of the individuals who comprised the evaluation teams during the prior calendar year for each agency or association and the title and institutional affiliation of such individuals, although such list shall not be required to identify those individuals who comprised the evaluation team used for any specific institution;

(B) a description of the agency's or association's process for selecting, preparing, and evaluating such individuals; and

(C) any statements related to the accreditation responsibilities of such individuals; and

(12) reviews the record of student complaints resulting from the student information process described in section 485(a)(1)(J).

* * * * * * *

(j) IMPACT OF LOSS OF ACCREDITATION.—An institution may not be certified or recertified as an institution of higher education under [section 102] *section 101* and subpart 3 of this part or participate in any of the other programs authorized by this Act if such institution—

(1) * * *

* * * * * * *

(k) RELIGIOUS INSTITUTION RULE.—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under [section 102] *section 101* and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the reason for the withdrawal, revocation, or termination—

(1) * * *

* * * * * * *

(l) LIMITATION, SUSPENSION, OR TERMINATION OF RECOGNITION.—(1) * * *

* * * * * * *

(3) The Secretary shall provide an annual report to Congress on the status of any agency or association for which the Secretary has limited, suspended or terminated recognition under this subsection.

Subpart 3—Eligibility and Certification Procedures

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) * * *

* * * * * * *

(c) FINANCIAL RESPONSIBILITY STANDARDS.—(1) * * *

(2) Notwithstanding paragraph (1), if an institution fails to meet criteria prescribed by the Secretary regarding ratios that demonstrate financial responsibility, then the institution shall provide

the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to [for profit,] *for-profit,* public, and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required.

(d) ADMINISTRATIVE CAPACITY STANDARD.—The Secretary is authorized—

(1) to establish procedures and requirements relating to the administrative capacities of institutions of higher education, including—

(A) * * *

(B) maintenance of records; *and*

* * * * * * *

(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

(1) * * *

* * * * * * *

(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of [section 102(a)(1)(C)] *section 102* and received less than $500,000 in funds under part B for the most recent year for which data are available.

* * * * * * *

(i) TREATMENT OF CHANGES OF OWNERSHIP.—(1) An eligible institution of higher education that has had a change in ownership resulting in a change of control shall not qualify to participate in programs under this title after the change in control (except as provided in paragraph (3)) unless it establishes that it meets the requirements of [section 102] *section 101* (other than the requirements in subsections (b)(5) and (c)(3)) and this section after such change in control.

* * * * * * *

(j) TREATMENT OF BRANCHES.—(1) A branch of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, shall be certified under this subpart before it may participate as part of such institution in a program under this title, [except that such branch shall not be required to meet the requirements of sections 102(b)(1)(E) and 102(c)(1)(C) prior to seeking such certification] *except that such branch shall not be required to be in existence for at least 2 years prior to seeking such certification*. Such branch is required to be in existence at least 2 years after the branch is certified by the Secretary as a branch campus participating in a program under this title, prior to seeking certification as a main campus or free-standing institution.

SEC. 498A. PROGRAM REVIEW AND DATA.

(a) * * *

(b) SPECIAL ADMINISTRATIVE RULES.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

(1) * * *

* * * * * * *

(4) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; [and]

(5) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432[.]*;*

(6) provide to the institution adequate opportunity to review and respond to any program review report or audit finding and underlying materials related thereto before any final program review or audit determination is reached;

(7) review and take into consideration the institution's response in any final program review or audit determination, and include in the final determination—

(A) a written statement addressing the institution's response and stating the basis for such final determination; and

(B) a copy of the institution's statement in response, appropriately redacted to protect confidential information;

(8) maintain and preserve at all times the confidentiality of any program review report or audit finding until the requirements of paragraphs (6) and (7) are met, and until a final program review or audit determination has been issued, except to the extent required to comply with paragraph (5), provided, however, that the Secretary shall promptly disclose any and all program review reports and audit findings to the institution under review; and

(9) require that the authority to approve or issue any program review report or audit finding, preliminary or otherwise, that contains any finding, determination, or proposed assessment that exceeds or may exceed $500,000 in liabilities shall not be delegated to any official beyond the Chief Operating Officer of Federal Student Aid.

* * * * * * *

SEC. 498B. REVIEW OF REGULATIONS.

(a) * * *

(b) REGULATORY AND STATUTORY RELIEF FOR SMALL VOLUME INSTITUTIONS.—The Secretary shall review and evaluate ways in which regulations under and provisions of this Act affecting institution of higher education (other than institutions described in [section 102(a)(1)(C)] *section 102*), that have received in each of the two most recent award years prior to the date of the enactment of the Higher Education Amendments of 1998 less than $200,000 in funds through this title, may be improved, streamlined, or eliminated.

* * * * * * *

(d) REPORTS TO CONGRESS.—

(1) IN GENERAL.—The Secretary shall submit, not later than 1 year after the date of the enactment of the Higher Education Amendments of 1998, a report to the [Committee on Labor and

Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* detailing the Secretary's findings and recommendations based on the reviews conducted under subsections (a) and (b), including a timetable for implementation of any recommended changes in regulations and a description of any recommendations for legislative changes.

(2) ADDITIONAL REPORTS.—Not later than January 1, 2003, the Secretary shall submit a report to the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *authorizing committees* detailing the Secretary's findings and recommendations based on the review conducted under subsection (a), including a timetable for implementation of any recommended changes in regulations and a description of any recommendations for legislative changes.

SEC. 499. REPORT TO CONGRESS ON PREVENTION OF FRAUD AND ABUSE IN STUDENT FINANCIAL AID PROGRAMS.

(a) PURPOSE.—It is the purpose of this section to require the Secretary to commission a nonpartisan, comprehensive study on the prevention of fraud and abuse in title IV student financial aid programs, and to report the results of such study to Congress.

(b) SCOPE OF REPORT.—The study under this section shall thoroughly identify and address the following:

(1) The impact of fraud and abuse in title IV student financial aid programs upon students and taxpayers, and the nature of such fraud and abuse.

(2) The effectiveness of existing policies and requirements under this Act that were put in place to prevent fraud and abuse in title IV student financial aid programs, and how such policies and requirements should be improved.

(3) The extent to which existing protections against fraud and abuse under this Act are adequately enforced, and how enforcement should be strengthened.

(4) Areas in which additional information is needed to assess the effectiveness of current protections and enforcement against fraud and abuse.

(5) Existing policies and requirements under this Act aimed at fraud and abuse that are ineffective, hinder innovation, or could be eliminated without reducing effectiveness.

(6) New policies and enforcement, particularly those suited for the current higher education marketplace, needed to protect against fraud and abuse in title IV student financial aid programs.

(7) The extent to which States are implementing regulations to protect students from fraud and abuse, and whether changes to Federal law will preempt such regulations.

(c) REPORT.—Not later than December 31, 2007, the Secretary, after an opportunity for both the Secretary and the Inspector General of the Department of Education to review the results of the study, shall transmit to Congress a report on the study conducted under this section. Such report shall—

(1) include clear and specific recommendations for legislative and regulatory actions that are likely to significantly reduce the

fraud and abuse in title IV student financial aid programs identified under subsection (b); and

(2) include both the Secretary's and the Inspector General's comments on the report.

TITLE V—DEVELOPING INSTITUTIONS

PART A—HISPANIC-SERVING INSTITUTIONS

* * * * * * *

SEC. 502. DEFINITIONS; ELIGIBILITY.

(a) DEFINITIONS.—For the purpose of this title:

(1) * * *

(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

(A) an institution of higher education—

(i) * * *

* * * * * * *

(v) which provides a program of not less than 2 years that is acceptable for full credit toward a bachelor's degree;

[(v)**]** *(vi)* that meets such other requirements as the Secretary may prescribe; and

[(vi)**]** *(vii)* that is located in a State; and

* * * * * * *

(5) HISPANIC-SERVING INSTITUTION.—The term "Hispanic-serving institution" means an institution of higher education that—

(A) is an eligible institution; *and*

(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students**[**; and**]** *at the end of the award year immediately preceding the date of application.*

[(C) provides assurances that not less than 50 percent of the institution's Hispanic students are low-income individuals, which assurances—

[(i) may employ statistical extrapolation using appropriate data from the Bureau of the Census or other appropriate Federal or State sources; and

[(ii) the Secretary shall consider as meeting the requirements of this subparagraph, unless the Secretary determines, based on a preponderance of the evidence, that the assurances do not meet the requirements.**]**

* * * * * * *

[(7) LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.**]**

* * * * * * *

SEC. 503. AUTHORIZED ACTIVITIES.

(a) * * *

(b) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

(1) * * *

[(2) Construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities.**]**

(2) Construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services, and the acquisition of real property adjacent to the campus of the institution on which to construct such facilities.

* * * * * * *

(5) Education or counseling services designed to improve the financial literacy and economic literacy of students and, as appropriate, their parents.

[(5)**]** *(6)* Tutoring, counseling, and student service programs designed to improve academic success.

[(6)**]** *(7)* Funds management, administrative management, and acquisition of equipment for use in strengthening funds management.

[(7)**]** *(8)* Joint use of facilities, such as laboratories and libraries.

[(8)**]** *(9)* Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

[(9)**]** *(10)* Establishing or improving an endowment fund.

[(10)**]** *(11)* Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

[(11)**]** *(12)* Establishing or enhancing a program of teacher education designed to qualify students to teach in public elementary schools and secondary schools.

[(12) Establishing community outreach programs that will encourage elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education.**]**

(13) Establishing community outreach programs and collaborative partnerships between Hispanic-serving institutions and local elementary or secondary schools. Such partnerships may include mentoring, tutoring, or other instructional opportunities that will boost student academic achievement and assist elementary and secondary school students in developing the academic skills and the interest to pursue postsecondary education.

[(13)**]** *(14)* Expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

[(14)**]** *(15)* Other activities proposed in the application submitted pursuant to section 504 that—

(A) * * *

* * * * * * *

SEC. 504. DURATION OF GRANT.

[(a) AWARD PERIOD.—

[(1) IN GENERAL.—The Secretary]

(a) AWARD PERIOD.—The Secretary may award a grant to a Hispanic-serving institution under this title for 5 years.

[(2) WAITOUT PERIOD.—A Hispanic-serving institution shall not be eligible to secure a subsequent 5-year grant award under this title until 2 years have elapsed since the expiration of the institution's most recent 5-year grant award under this title, except that for the purpose of this subsection a grant under section 514(a) shall not be considered a grant under this title.]

* * * * * * *

PART B—PROMOTING POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC AMERICANS

SEC. 511. PURPOSES.

The purposes of this part are—

(1) to expand postbaccalaureate educational opportunities for, and improve the academic attainment of, Hispanic students; and

(2) to expand the postbaccalaureate academic offerings and enhance the program quality in the institutions that are educating the majority of Hispanic college students and helping large numbers of Hispanic and low-income students complete postsecondary degrees.

SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.

(a) PROGRAM AUTHORIZED.—Subject to the availability of funds appropriated to carry out this part, the Secretary shall award competitive grants to Hispanic-serving institutions determined by the Secretary to be making substantive contributions to graduate educational opportunities for Hispanic students.

(b) ELIGIBILITY.—For the purposes of this part, an "eligible institution" means an institution of higher education that—

(1) is an eligible institution under section 502(a)(2); and

(2) offers a postbaccalaureate certificate or degree granting program.

SEC. 513. AUTHORIZED ACTIVITIES.

Grants awarded under this part shall be used for one or more of the following activities:

(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

(2) Construction, maintenance, renovation, and improvement of classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services.

(3) Purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials.

(4) Support for needy postbaccalaureate students including outreach, academic support services, mentoring, scholarships,

fellowships, and other financial assistance to permit the enrollment of such students in postbaccalaureate certificate and degree granting programs.

(5) Support of faculty exchanges, faculty development, faculty research, curriculum development, and academic instruction.

(6) Creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services.

(7) Collaboration with other institutions of higher education to expand postbaccalaureate certificate and degree offerings.

(8) Other activities proposed in the application submitted pursuant to section 514 that—

(A) contribute to carrying out the purposes of this part; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

SEC. 514. APPLICATION AND DURATION.

(a) APPLICATION.—Any eligible institution may apply for a grant under this part by submitting an application to the Secretary at such time and in such manner as determined by the Secretary. Such application shall demonstrate how the grant funds will be used to improve postbaccalaureate education opportunities in programs and professions in which Hispanic Americans are underrepresented.

(b) DURATION.—Grants under this part shall be awarded for a period not to exceed 5 years.

(c) LIMITATION.—The Secretary shall not award more than one grant under this part in any fiscal year to any Hispanic-serving institution.

PART [B] *C*—GENERAL PROVISIONS

SEC. [511] *521.* ELIGIBILITY; APPLICATIONS.

(a) * * *

* * * * * * *

(c) CONTENTS.—A Hispanic-serving institution, in the institution's application for a grant, shall—

(1) * * *

[(2) include a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic students and other low-income individuals;**]**

[(3)**]** *(2)* set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 501(b), and in no case supplant those funds;

[(4)**]** *(3)* set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

[(5)**]** *(4)* provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the institution under this title;

[(6)] *(5)* provide that the institution will comply with the limitations set forth in section 516;

[(7)] *(6)* describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) * * *

* * * * * * *

(7) contain such assurances as the Secretary may require that the institution has an enrollment of needy students as required by section 502(b);

* * * * * * *

SEC. [512] *522.* WAIVER AUTHORITY AND REPORTING REQUIREMENT.

(a) * * *

* * * * * * *

SEC. [513] *523.* APPLICATION REVIEW PROCESS.

(a) * * *

* * * * * * *

SEC. [514] *524.* COOPERATIVE ARRANGEMENTS.

(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements with funds available to carry out this title, between Hispanic-serving institutions eligible for assistance under this title, and between such institutions and institutions not receiving assistance under this title, for the activities described in section 503 *and section 513* so that the resources of the cooperating institutions might be combined and shared in order to achieve the purposes of this title, to avoid costly duplicative efforts, and to enhance the development of Hispanic-serving institutions.

* * * * * * *

(c) DURATION.—Grants to Hispanic-serving institutions having a cooperative arrangement may be made under this section for a period determined under [section 505] *section 504*.

SEC. [515] *525.* ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

(a) * * *

* * * * * * *

SEC. [516] *526.* LIMITATIONS.

The funds appropriated under section 518 may not be used—

(1) * * *

* * * * * * *

SEC. [517] *527.* PENALTIES.

Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds that are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both.

SEC. [518] *528.* AUTHORIZATIONS OF APPROPRIATIONS.

[(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out this title $62,500,000 for fiscal year 1999 and such

sums as may be necessary for each of the 4 succeeding fiscal years.]

(a) AUTHORIZATIONS.—

(1) PART A.—There are authorized to be appropriated to carry out part A and part C of this title $96,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

(2) PART B.—There are authorized to be appropriated to carry out part B of this title $59,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

* * * * * * *

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

SEC. 601. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds as follows:

(1) * * *

* * * * * * *

(3) Dramatic [post-Cold War] changes in the world's geopolitical and economic landscapes are creating needs for American expertise and knowledge about a greater diversity of less commonly taught foreign languages and nations of the world.

(4) The events and aftermath of September 11, 2001, have underscored the need for the Nation to strengthen and enhance American knowledge of international relations, world regions, and foreign languages. Homeland security and effective United States engagement abroad depend upon an increased number of Americans who have received such training and are willing to serve their Nation.

[(4)] *(5)* Systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States for—

(A) * * *

* * * * * * *

[(5)] *(6)* Cooperative efforts among the Federal Government, institutions of higher education, and the private sector are necessary to promote the generation and dissemination of information about world regions, foreign languages, and international affairs throughout education, government, business, civic, and nonprofit sectors in the United States.

(b) PURPOSES.—The purposes of this part are—

(1)(A) * * *

* * * * * * *

(D) to promote access to research and training overseas[; and], *including through linkages overseas with institutions of higher education and relevant organizations that contribute to the educational programs assisted under this part;*

(E) to advance the internationalization of a variety of disciplines throughout undergraduate and graduate education; *and*

(F) to assist the national effort to educate and train citizens to participate in the efforts of homeland security;

* * * * * * *

(3) to *reinforce and* coordinate the programs of the Federal Government in the areas of foreign language, area studies, and other international studies, including professional international affairs education and research*, and international business and trade competitiveness*.

SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.

(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

(1) CENTERS AND PROGRAMS.—

[(A) IN GENERAL.—The Secretary is authorized—

[(i) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive foreign language and area or international studies centers and programs; and

[(ii) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate foreign language and area or international studies centers and programs.]

(A) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or consortia of such institutions for the purpose of establishing, strengthening, and operating—

(i) comprehensive foreign language and area or international studies centers and programs; and

(ii) a diverse network of undergraduate foreign language and area or international studies centers and programs.

* * * * * * *

(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

(A) * * *

* * * * * * *

(G) summer institutes in the United States or abroad designed to provide language and area training in the center's field or topic; [and]

(H) support for faculty, staff, and student travel in foreign areas, regions, or countries, and for the development and support of educational programs abroad for students[.]*;*

(I) supporting instructors of the less commonly taught languages;

(J) widely disseminating materials developed by the center or program to local educational agencies and public

and private elementary and secondary education schools, and institutions of higher education, presented from diverse perspectives and reflective of a wide range of views on the subject matter, except that no more than 50 percent of funds awarded to an institution of higher education or consortia of such institutions for purposes under this title may be associated with the costs of dissemination; and

(K) projects that support in students an understanding of science and technology in coordination with foreign language proficiency.

* * * * * * *

(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

(A) * * *

[(B) Programs of linkage or outreach with 2- and 4-year colleges and universities.]

(B) Partnerships or programs of linkage and outreach with 2-year and 4-year colleges and universities, including colleges of education and teacher professional development programs.

(C) Partnerships with local educational agencies and public and private elementary and secondary education schools that are designed to increase student academic achievement in foreign language and knowledge of world regions, and to facilitate the wide dissemination of materials related to area studies, foreign languages, and international studies that are reflective of a wide range of views on the subject matter.

[(C) Programs of linkage or outreach] *(D) Partnerships or programs of linkage and outreach* with departments or agencies of Federal and State governments.

[(D)] *(E)* Programs of linkage or outreach with the news media, business, professional, or trade associations.

[(E)] *(F)* Summer institutes in [foreign area] *area studies*, foreign language, and other international fields designed to carry out the programs [of linkage and outreach] described in subparagraphs (A), (B), [(C), and (D)] *(D), and (E)*.

* * * * * * *

SEC. 603. LANGUAGE RESOURCE CENTERS.

(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or [combinations] *consortia* of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively.

* * * * * * *

(c) CONDITIONS FOR GRANTS.—Grants under this section shall *reflect the purposes of this part and* be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—

(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, [combinations] *consortia* of such institutions, or partnerships between nonprofit educational organizations and institutions of higher education, to assist such institutions, [combinations] *consortia* or partnerships in planning, developing, and carrying out programs to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions, [combinations] *consortia* or partnerships seeking to create new programs or to strengthen existing programs in foreign languages, area studies, and other international fields.

(2) USE OF FUNDS.—Grants made under this section may be used for Federal share of the cost of projects and activities which are an integral part of such a program, such as—

(A) * * *

(B) teaching, research, curriculum development, faculty training in the United States or abroad, and other related activities, including—

(i) the expansion of library and teaching resources; and

(ii) preservice and inservice [teacher training] *teacher professional development*;

* * * * * * *

(I) the provision of grants for educational programs abroad that are closely linked to the program's overall goals and have the purpose of promoting foreign language fluency and knowledge of world regions, except that not more than 10 percent of a grant recipient's funds may be used for this purpose;

[(I)] *(J)* the development of programs designed to integrate professional and technical education with foreign languages, area studies, and other international fields;

[(J)] *(K)* the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational programs assisted under this subsection;

[(K)] *(L)* the conduct of summer institutes in foreign area, foreign language, and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

[(L)] *(M)* the development of partnerships between—

(i) institutions of higher education; and

(ii) the private sector, government, or [elementary and secondary education institutions] *local educational agencies and public and private elementary and secondary education schools*,

in order to enhance international knowledge and skills; and

[(M)] *(N)* the use of innovative technology to increase access to international education programs.

* * * * * * *

(4) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

(A) are eligible to receive assistance under part A or B of title III or under title V; and

(B) have submitted a grant application under this section *that demonstrates a need for a waiver or reduction*.

(5) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education, [combinations] *consortia* or partnerships that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a 2-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

(6) GRANT CONDITIONS.—Grants under this subsection shall *reflect the purposes of this part and* be made on such conditions as the Secretary determines to be necessary to carry out this subsection.

* * * * * * *

(8) EVALUATION.—The Secretary [may] *shall* establish requirements for program evaluations and require grant recipients to submit annual reports that evaluate the progress and performance of students participating in programs assisted under this subsection.

* * * * * * *

[(c) FUNDING SUPPORT.—The Secretary may use not more than 10 percent of the total amount appropriated for this part for carrying out the purposes of this section.]

SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.

(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part*, including the systematic collection, analysis, and dissemination of data*. Such research and studies may include—

(1) * * *

* * * * * * *

SEC. 606. TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.

(a) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, public or nonprofit private libraries, [or consortia of such institutions or libraries] *museums, or consortia of such entities*, to develop innovative techniques or programs using [new] electronic technologies to collect, organize, preserve, and widely disseminate information *from foreign sources* on world regions and countries other than the United States that address

our Nation's teaching and research needs in international education and foreign languages.

(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used—

(1) to *acquire and* facilitate access to or preserve foreign information resources in print or electronic forms;

(2) to develop new means of immediate, full-text document delivery for information and scholarship from abroad;

(3) to develop [new means of] *new means and standards for* shared electronic access to international data;

* * * * * * *

(6) to assist teachers of less commonly taught languages in acquiring, via electronic and other means, materials suitable for classroom use; [and]

(7) to promote collaborative technology based projects in foreign languages, area studies, and international studies among grant recipients under this title[.]*;*

(8) to establish linkages between grant recipients under subsection (a) with libraries, museums, organizations, or institutions of higher education located overseas to facilitate carrying out the purposes of this section; and

(9) to carry out other activities deemed by the Secretary to be consistent with the purposes of this section.

* * * * * * *

(e) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

(1) are eligible to receive assistance under part A or B of title III or under title V; and

(2) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.

SEC. 607. SELECTION OF CERTAIN GRANT RECIPIENTS.

(a) * * *

(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing [objectives] *missions* of graduate and undergraduate institutions. *In keeping with the purposes of this part, the Secretary shall take into account the degree to which activities of centers, programs, and fellowships at institutions of higher education address national interests, generate and disseminate information, and foster debate on international issues from diverse perspectives.*

* * * * * * *

SEC. 608. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602. *Grants made under section 602 shall also reflect the purposes of this part.*

* * * * * * *

SEC. 610. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year [1999] *2006*, and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

* * * * * * *

SEC. 612. CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education, or [combinations] *consortia* of such institutions, to pay the Federal share of the cost of planning, establishing and operating centers for international business education which—

(A) * * *

* * * * * * *

(c) AUTHORIZED ACTIVITIES.—

(1) MANDATORY ACTIVITIES.—Programs and activities to be conducted by centers assisted under this section shall include—

(A) * * *

* * * * * * *

(D) collaborative programs, activities, or research involving other institutions of higher education *(including those that are eligible to receive assistance under part A or B of title III or under title V)*, local educational agencies, professional associations, businesses, firms, or [combinations] *consortia* thereof, to promote the development of international skills, awareness, and expertise among current and prospective members of the business community and other professionals;

* * * * * * *

(d) ADVISORY COUNCIL.—

(1) ESTABLISHMENT.—In order to be eligible for assistance under this section, an institution of higher education, or [combination] *consortium* of such institutions, shall establish a center advisory council which will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs.

* * * * * * *

(e) GRANT DURATION; FEDERAL SHARE.—

(1) * * *

* * * * * * *

(5) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

(A) are eligible to receive assistance under part A or B of title III or under title V; and

(B) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.

(f) GRANT CONDITIONS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

(1) evidence that the institution of higher education, or [combination] *consortium* of such institutions, will conduct ex-

tensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs in accordance with subsection (d)(1);

* * * * * * *

(4) assurance that the institution of higher education, or [combination] *consortium* of such institutions, will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (c)(1).

* * * * * * *

SEC. 613. EDUCATION AND TRAINING PROGRAMS.

(a) * * *

* * * * * * *

(e) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for institutions that—

(1) are eligible to receive assistance under part A or B of title III or under title V; and

(2) have submitted a grant application under this section that demonstrates a need for a waiver or reduction.

SEC. 614. AUTHORIZATION OF APPROPRIATIONS.

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—There are authorized to be appropriated $11,000,000 for the fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years to carry out the provisions of section 612.

(b) EDUCATION AND TRAINING PROGRAMS.—There are authorized to be appropriated $7,000,000 for fiscal year [1999] *2006*, and such sums as may be necessary for the [4] *5* succeeding fiscal years, to carry out the provisions of section 613.

PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY

[SEC. 621. MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.]

SEC. 621. PROGRAM FOR FOREIGN SERVICE PROFESSIONALS.

(a) ESTABLISHMENT.—The Secretary is authorized to award a grant, on a competitive basis, to an eligible recipient to enable such recipient to establish an Institute for International Public Policy (hereafter in this part referred to as the "Institute"). [The Institute shall conduct a program to significantly increase the numbers of African Americans and other underrepresented minorities in the international service, including private international voluntary organizations and the foreign service of the United States.] *The Institute shall conduct a program to enhance the international competitiveness of the United States by increasing the participation of underrepresented populations in the international service, including private international voluntary organizations and the foreign service of the United States.* Such program shall include a program for such students to study abroad in their junior year, fellowships for graduate study, internships, intensive academic programs such as summer institutes, or intensive language training.

(b) DEFINITION OF ELIGIBLE RECIPIENT.—

(1) IN GENERAL.—For the purpose of this part, the term "eligible recipient" means a consortium consisting of 1 or more of the following entities:

[(A) An institution eligible for assistance under part B of title III of this Act.

[(B) An institution of higher education which serves substantial numbers of African American or other underrepresented minority students.]

(A) A Tribally Controlled College or University or Alaska Native or Native Hawaiian-serving institution eligible for assistance under title III, an institution eligible for assistance under part B of title III, or a Hispanic-serving institution eligible for assistance under title V.

(B) An institution of higher education which serves substantial numbers of underrepresented students.

* * * * * * *

SEC. 622. INSTITUTIONAL DEVELOPMENT.

(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, Tribally Controlled Colleges or Universities, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs *and promote collaboration with colleges and universities that receive funds under this title*.

* * * * * * *

SEC. 623. STUDY ABROAD PROGRAM.

(a) PROGRAM AUTHORITY.—The Institute shall conduct, by grant or contract, a junior year abroad program. The junior year abroad program shall be open to eligible students at institutions of higher education, including historically Black colleges and universities as defined in section 322 of this Act, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978, *Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions,* and other institutions of higher education with significant minority student populations. Eligible student expenses shall be shared by the Institute and the institution at which the student is in attendance. Each student may spend not more than 9 months abroad in a program of academic study, as well as social, familial and political interactions designed to foster an understanding of and familiarity with the language, culture, economics and governance of the host country.

* * * * * * *

SEC. 624. [MASTERS] *ADVANCED* DEGREE IN INTERNATIONAL RELATIONS.

The Institute shall provide, in cooperation with the other members participating in the eligible recipient consortium, a program of study leading to [a masters degree in international relations. The masters degree program designed by the consortia] *an advanced degree in international relations, international affairs, international economics, or other academic areas related to the Institute fellow's*

career objectives. The advanced degree study program shall be designed by the consortia, consistent with the fellow's career objectives, and shall be reviewed and approved by the Secretary. The Institute may grant fellowships in an amount not to exceed the level of support comparable to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurement of need approved by the Secretary. A fellowship recipient shall agree to undertake full-time study and to enter the international service (including work with private international voluntary organizations) or foreign service of the United States

SEC. 625. INTERNSHIPS.

(a) IN GENERAL.—The Institute shall enter into agreements with historically Black colleges and universities as defined in section 322 of this Act, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978, *Alaska Native-serving, Native Hawaiian-serving, and Hispanic-serving institutions,* other institutions of higher education with significant numbers of minority students, and institutions of higher education with programs in training foreign service professionals, to provide academic year internships during the junior and senior year and summer internships following the sophomore and junior academic years, by work placements with an international voluntary or government organizations or agencies, including the Agency for International Development, the United States Information Agency, the International Monetary Fund, the National Security Council, the Organization of American States, the Export-Import Bank, the Overseas Private Investment Corporation, the Department of State, Office of the United States Trade Representative, the World Bank, and the United Nations.

(b) POSTBACCALAUREATE INTERNSHIPS.—The Institute shall enter into agreements with institutions of higher education described in the first sentence of subsection (a) to conduct internships for students who have completed study for a baccalaureate degree. The internship program authorized by this subsection shall—

(1) * * *

(2) be carried out with the assistance of the Woodrow Wilson International Center for Scholars; *and*

(3) contain work experience for the students designed to contribute to the students' preparation for a master's degree program**[**; and**]**.

[(4) be assisted by the Interagency Committee on Minority Careers in International Affairs established under subsection (c).

[(c) INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.—

[(1) ESTABLISHMENT.—There is established in the executive branch of the Federal Government an Interagency Committee on Minority Careers in International Affairs composed of not less than 7 members, including—

[(A) the Under Secretary for Farm and Foreign Agricultural Services of the Department of Agriculture, or the Under Secretary's designee;

[(B) the Assistant Secretary and Director General, of the United States and Foreign Commercial Service of the Department of Commerce, or the Assistant Secretary and Director General's designee;

[(C) the Under Secretary of Defense for Personnel and Readiness of the Department of Defense, or the Under Secretary's designee;

[(D) the Assistant Secretary for Postsecondary Education in the Department of Education, or the Assistant Secretary's designee;

[(E) the Director General of the Foreign Service of the Department of State, or the Director General's designee;

[(F) the General Counsel of the Agency for International Development, or the General Counsel's designee; and

[(G) the Associate Director for Educational and Cultural Affairs of the United States Information Agency, or the Associate Director's designee.

[(2) FUNCTIONS.—The Interagency Committee established by this section shall—

[(A) on an annual basis inform the Secretary and the Institute regarding ways to advise students participating in the internship program assisted under this section with respect to goals for careers in international affairs;

[(B) locate for students potential internship opportunities in the Federal Government related to international affairs; and

[(C) promote policies in each department and agency participating in the Committee that are designed to carry out the objectives of this part.]

(c) RALPH J. BUNCHE FELLOWS.—In order to assure the recognition and commitment of individuals from underrepresented student populations who demonstrate special interest in international affairs and language study, eligible students who participate in the internship programs authorized under (a) and (b) shall be known as the "Ralph J. Bunche Fellows".

SEC. 626. REPORT.

The Institute shall [annually prepare a report] *prepare a report biennially* on the activities of the Institute and shall submit such report to the Secretary of Education and the Secretary of State.

SEC. 628. AUTHORIZATION.

There is authorized to be appropriated $10,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years to carry out this part.

PART D—GENERAL PROVISIONS

* * * * * * *

SEC. 632. EVALUATION, OUTREACH, AND DISSEMINATION.

The Secretary may use not more than one percent of the funds made available for this title for program evaluation, national outreach, and information dissemination activities.

SEC. 633. INTERNATIONAL HIGHER EDUCATION ADVISORY BOARD.

(a) ESTABLISHMENT AND PURPOSE.—

(1) ESTABLISHMENT.—There is established in the Department an independent International Higher Education Advisory Board (hereafter in this section referred to as the "International Advisory Board"). The International Advisory Board shall provide advice, counsel, and recommendations to the Secretary and the Congress on international education issues for higher education.

(2) PURPOSE.—The purpose of the International Advisory Board is—

(A) to provide expertise in the area of national needs for proficiency in world regions, foreign languages, international affairs, and international business;

(B) to make recommendations that will promote the excellence of international education programs and result in the growth and development of such programs at the postsecondary education level that will reflect diverse perspectives and a wide range of views on world regions, foreign language, international affairs, and international business; and

(C) to advise the Secretary and the Congress with respect to needs for expertise in government, the private sector, and education in order to enhance America's understanding of, and engagement in, the world.

(b) INDEPENDENCE OF INTERNATIONAL ADVISORY BOARD.—In the exercise of its functions, powers, and duties, the International Advisory Board shall be independent of the Secretary and the other offices and officers of the Department. Except as provided in this subsection and subsection (f), the recommendations of the International Advisory Board shall not be subject to review or approval by any officer of the Federal Government. Nothing in this title shall be construed to authorize the International Advisory Board to mandate, direct, or control an institution of higher education's specific instructional content, curriculum, or program of instruction or instructor. The International Advisory Board is authorized to assess a sample of activities supported under this title, using materials that have been submitted to the Department of Education by grant recipients under this title, in order to provide recommendations to the Secretary and the Congress for the improvement of programs under the title and to ensure programs meet the purposes of the title to promote the study of and expertise in foreign language and world regions, especially with respect to diplomacy, national security, and international business and trade competitiveness. The recommendations of the International Advisory Board may address any area in need of improvement, except that any recommendation of specific legislation to Congress shall be made only if the President deems it necessary and expedient.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The International Advisory Board shall have 7 members of whom—

(A) 3 members shall be appointed by the Secretary;

(B) 2 members shall be appointed by the Speaker of the House of Representatives, upon the recommendation of the Majority Leader and the Minority Leader; and

(C) 2 members shall be appointed by the President pro tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader.

(2) REPRESENTATION.—Two of the members appointed by the Secretary under paragraph (1)(A) shall be appointed to represent Federal agencies that have diplomacy, national security, international commerce, or other international activity responsibilities, after consultation with the heads of such agencies. The members of the International Advisory Board shall also include (but not be limited to) persons with international expertise representing States, institutions of higher education, cultural organizations, educational organizations, international business, local education agencies, students, and private citizens with expertise in international concerns.

(3) QUALIFICATION.—Members of the International Advisory Board shall be individuals who have technical qualifications, professional standing, experience working in international affairs or foreign service or international business occupations, or demonstrated knowledge in the fields of higher education and international education, including foreign languages, world regions, or international affairs.

(d) FUNCTIONS OF THE INTERNATIONAL ADVISORY BOARD.—

(1) IN GENERAL.—The International Advisory Board shall provide recommendations in accordance with subsection (b) regarding improvement of programs under this title to the Secretary and the Congress for their review. The International Advisory Board may—

(A) review and comment upon the regulations for grants under this title;

(B) assess a sample of activities supported under this title based on the purposes and objectives of this title, using materials that have been submitted to the Department of Education by grant recipients under this title, in order to provide recommendations for improvement of the programs under this title;

(C) make recommendations that will assist the Secretary and the Congress to improve the programs under this title to better reflect the national needs related to foreign languages, world regions, diplomacy, national security, and international business and trade competitiveness, including an assessment of the national needs and the training provided by the institutions of higher education that receive a grant under this title for expert and non-expert level foreign language training;

(D) make recommendations to the Secretary and the Congress regarding such studies, surveys, and analyses of international education that will provide feedback about the programs under this title and assure that their relative authorized activities reflect diverse perspectives and a wide range of views on world regions, foreign languages, diplomacy, national security, and international business and trade competitiveness;

(E) make recommendations that will strengthen the partnerships between local educational agencies, public and private elementary and secondary education schools, and

grant recipients under this title to ensure that the research and knowledge about world regions, foreign languages, and international affairs is widely disseminated to local educational agencies;

(F) make recommendations on how institutions of higher education that receive a grant under this title can encourage students to serve the Nation and meet national needs in an international affairs, international business, foreign language, or national security capacity;

(G) make recommendations on how linkages between institutions of higher education and public and private organizations that are involved in international education, international business and trade competitiveness, language training, and international research capacities may fulfill the manpower and information needs of United States businesses; and

(H) make recommendations to the Secretary and the Congress about opportunities for underrepresented populations in the areas of foreign language study, diplomacy, international business and trade competitiveness, and international economics, in order to effectively carry out the activities of the Institute under part C.

(2) HEARINGS.—The International Advisory Board shall provide for public hearing and comment regarding the matter contained in the recommendations described in paragraph (1), prior to the submission of those recommendations to the Secretary and the Congress.

(e) OPERATIONS OF THE COMMITTEE.—

(1) TERMS.—Each member of the International Advisory Board shall be appointed for a term of 3 years, except that, of the members first appointed (A) 4 shall be appointed for a term of 3 years, and (B) 3 shall be appointed for a term of 4 years, as designated at the time of appointment by the Secretary. A member of the International Advisory Board may be reappointed to successive terms on the International Advisory Board.

(2) VACANCIES.—Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the International Advisory Board shall, upon the Secretary's request, continue to serve after the expiration of a term until a successor has been appointed.

(3) NO GOVERNMENTAL MEMBERS.—Except for the members appointed by the Secretary under subsection (c)(1)(A), no officers or full-time employees of the Federal Government shall serve as members of the International Advisory Board.

(4) MEETINGS.—The International Advisory Board shall meet not less than once each year. The International Advisory Board shall hold additional meetings at the call of the Chair or upon the written request of not less than 3 voting members of the International Advisory Board.

(5) QUORUM.—A majority of the voting members of the International Advisory Board serving at the time of a meeting shall constitute a quorum.

(6) CHAIR.—The International Advisory Board shall elect a Chairman or Chairwoman from among the members of the International Advisory Board.

(f) SUBMISSION TO DEPARTMENT FOR COMMENT.—The International Advisory Board shall submit its proposed recommendations to the Secretary of Education for comment for a period not to exceed 30 days in each instance.

(g) PERSONNEL AND RESOURCES.—

(1) COMPENSATION AND EXPENSE.—Members of the International Advisory Board shall serve without pay for such service. Members of the International Advisory Board who are officers or employees of the United States may not receive additional pay, allowances, or benefits by reason of their service on the International Advisory Board. Members of the International Advisory Board may each receive reimbursement for travel expenses incident to attending International Advisory Board meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(2) PERSONNEL.—The International Advisory Board may appoint such personnel as may be determined necessary by the Chairman without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the maximum rate payable under section 5376 of such title. The International Advisory Board may appoint not more than one full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The International Advisory Board shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.

(3) CONSULTATION.—In carrying out its duties under the Act, the International Advisory Board shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

(4) ASSISTANCE FROM OTHER AGENCIES.—

(A) INFORMATION.—The International Advisory Board is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the International Advisory Board, upon request made by the Chairman for the purpose of providing expertise in the area of national needs for the proficiency in world regions, foreign languages, and international affairs.

(B) SERVICES AND PERSONNEL.—The head of each Federal agency shall, to the extent not prohibited by law, consult with the International Advisory Board in carrying out

this section. The International Advisory Board is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement, for the purpose of providing expertise in the area of national needs for the proficiency in world regions, foreign languages, and international affairs.

(5) CONTRACTS; EXPERTS AND CONSULTANTS.—The International Advisory Board may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section. The International Advisory Board is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and to set pay in accordance with such section.

(h) TERMINATION.—Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the International Advisory Board shall be authorized through September 30, 2012.

(i) FUNDS.—The Secretary shall use not more than one-half of the funds available to the Secretary under section 632 to carry out this section.

SEC. 634. RECRUITER ACCESS TO STUDENTS AND STUDENT RECRUITING INFORMATION.

Each institution of higher education that receives a grant under this title shall assure that—

(1) recruiters of the United States Government and agencies thereof are given the same access to students as is provided generally to other institutions of higher education and prospective employers of those students for the purpose of recruiting for graduate opportunities or prospective employment; and

(2) no undue restrictions are placed upon students that seek employment with the United States Government or any agency thereof.

SEC. 635. STUDENT SAFETY.

Applicants seeking funds under this title to support student travel and study abroad shall submit as part of their grant application a description of safety policies and procedures for students participating in the program while abroad.

SEC. 636. NATIONAL STUDY OF FOREIGN LANGUAGE HERITAGE COMMUNITIES.

(a) STUDY.—The Secretary of Education, in consultation with the International Advisory Board, shall conduct a study to identify foreign language heritage communities, particularly such communities that include speakers of languages that are critical to the national security of the United States.

(b) FOREIGN LANGUAGE HERITAGE COMMUNITY.—For purposes of this section, the term "foreign language heritage community" means a community of residents or citizens of the United States who are native speakers of, or who have partial fluency in, a foreign language.

(c) REPORT.—Not later than one year after the date of the enactment of this Act, the Secretary of Education shall submit a report to the Congress on the results of the study conducted under this section.

TITLE VII—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

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PART A—GRADUATE EDUCATION PROGRAMS

Subpart 1—Jacob K. Javits Fellowship Program

SEC. 701. AWARD OF JACOB K. JAVITS FELLOWSHIPS.

(a) AUTHORITY AND TIMING OF AWARDS.—The Secretary is authorized to award fellowships in accordance with the provisions of this subpart for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement, financial need, and exceptional promise. The fellowships shall be awarded to students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master's degree in those fields in which the master's degree is the terminal highest degree awarded in the area of study. *For purposes of the exception in the preceding sentence, a master's degree in fine arts shall be considered a terminal degree.* All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year following the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

* * * * * * *

(c) INTERRUPTIONS OF STUDY.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program. *In the case of other exceptional circumstances, such as active duty military service or personal or family member illness, the institution of higher education may also permit the fellowship recipient to interrupt periods of study for the duration of the tour of duty (in the case of military service) or not more than 12 months (in any other case), but without payment of the stipend.*

* * * * * * *

SEC. 702. ALLOCATION OF FELLOWSHIPS.

(a) FELLOWSHIP BOARD.—

(1) APPOINTMENT.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this subpart referred to as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education *from diverse geographic regions* who are especially qualified to serve on the Board. In making appointments, the

Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly representative of a range of disciplines in graduate education in arts, humanities, and social sciences. *The Secretary shall also assure that at least one representative appointed to the Board represents an institution that is eligible for a grant under title III or V of this Act.*

* * * * * * *

SEC. 703. STIPENDS.

(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this subpart such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this subpart. In the case of an individual who receives such individual's first stipend under this subpart in academic year **[**1999–2000**]** *2006–2007* or any succeeding academic year, such stipend **[**shall be set**]** *may be set* at a level of support equal to that provided by the National Science **[**Foundation graduate fellowships**]** *Foundation Graduate Research Fellowship Program on February 1 of such academic year*, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need determined in accordance with part F of title IV.

(b) INSTITUTIONAL PAYMENTS.—

[(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship under this subpart at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be, for 1999–2000 and succeeding academic years, the same amount as the institutional payment made for 1998–1999 under section 933(b) (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998) adjusted for 1999–2000 and annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.**]**

(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship under this subpart at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be, for 2006–2007 and succeeding academic years, the same amount as the institutional payment made for 2005–2006 adjusted for 2006–2007 and annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for All Urban Consumers for the previous calendar year.

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SEC. 705. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $30,000,000 for **[**fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years**]** *fiscal year 2006 and such sums as may be*

necessary for each of the 5 succeeding fiscal years to carry out this subpart.

Subpart 2—Graduate Assistance in Areas of National Need

* * * * * * *

SEC. 712. INSTITUTIONAL ELIGIBILITY.

(a) * * *

(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which the interest in the area is compelling, the extent to which other Federal programs support postbaccalaureate study in the area concerned, [and] an assessment of how the program could achieve the most significant impact with available resources*, and the priority described in subsection (c) of this section*.

(c) PRIORITY.—The Secretary shall establish a priority for grants in order to prepare individuals for the professoriate who will train highly-qualified elementary and secondary math and science teachers, special education teachers, and teachers who provide instruction for limited English proficient individuals. Such grants shall offer program assistance and graduate fellowships for—

(1) post-baccalaureate study related to teacher preparation and pedagogy in math and science for students who have completed a master's degree or are pursuing a doctorate of philosophy in math and science;

(2) post-baccalaureate study related to teacher preparation and pedagogy in special education and English language acquisition and academic proficiency for limited English proficient individuals; and

(3) support of dissertation research in the fields of math, science, special education, or second language pedagogy and second language acquisition.

SEC. 713. CRITERIA FOR APPLICATIONS.

(a) * * *

(b) CONTENTS OF APPLICATIONS.—An academic department, program or unit of an institution of higher education, in the department, program or unit's application for a grant, shall—

(1) * * *

* * * * * * *

(9) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; [and]

(10) in the case of an application for a grant by a department, program, or unit in education or teacher preparation, contain assurances that such department, program, or unit collaborates with departments, programs, or units in all content areas to assure a successful combination of training in both teaching and such content; and

[(10)] *(11)* include such other information as the Secretary may prescribe.

SEC. 714. AWARDS TO GRADUATE STUDENTS.

(a) * * *

(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this subpart. The stipends the Secretary establishes shall reflect the purpose of the program under this subpart to encourage highly talented students to undertake graduate study as described in this subpart. In the case of an individual who receives such individual's first stipend under this subpart in academic year [1999–2000] *2006–2007* or any succeeding academic year, such stipend [shall be set] *may be set* at a level of support equal to that provided by the National Science [Foundation graduate fellowships] *Foundation Graduate Research Fellowship Program on February 1 of such academic year*, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need as determined under part F of title IV.

(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this subpart in amounts that exceed the institutional payments made by the Secretary pursuant to [section 716(a)] *section 715(a)* may count such excess toward the amounts the institution is required to provide pursuant to [section 714(b)(2)] *section 713(b)(2)*.

* * * * * * *

SEC. 715. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

(a) INSTITUTIONAL PAYMENTS.—

(1) IN GENERAL.—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship under this subpart at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be, for [1999–2000] *2006–2007* and succeeding academic years, the same amount as the institutional payment made for [1998–1999] *2005–2006* adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index *for All Urban Consumers* for the previous calendar year.

* * * * * * *

SEC. 716. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $35,000,000 for [fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years* to carry out this subpart.

Subpart 3—Thurgood Marshall Legal Educational Opportunity Program

SEC. 721. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

(a) * * *

* * * * * * *

(c) CONTRACT OR GRANT AUTHORIZED.—The Secretary is authorized to enter into a contract with, or make a grant to, the Council on Legal Education Opportunity, for a period of not less than 5 years—

(1) * * *

[(2) to prepare such students for study at accredited law schools;]

(2) to prepare such students for study at accredited law schools and assist them with the development of analytical skills and study methods to enhance their success and promote completion of law school;

* * * * * * *

(4) to provide support services to such students who are first-year law students to improve retention and success in law school studies; [and]

(5) to motivate and prepare such students with respect to law school studies and practice in low-income communities[.]*; and*

(6) to award Thurgood Marshall Fellowships to eligible law school students—

(A) who participated in summer institutes authorized by subsection (d) and who are enrolled in an accredited law school; or

(B) who are eligible law school students who have successfully completed a comparable summer institute program certified by the Council on Legal Educational Opportunity.

(d) SERVICES PROVIDED.—In carrying out the purposes described in subsection (c), the contract or grant shall provide for the delivery of services through prelaw information resource centers, summer institutes, midyear seminars, and other educational activities, conducted under this section. Such services may include—

(1) information and counseling regarding—

(A) * * *

* * * * * * *

(D) undergraduate preparatory courses *in analytical skills and study methods* and curriculum selection;

* * * * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year [1999 and each of the 4 succeeding fiscal years] *2006 and each of the 5 succeeding fiscal years*.

* * * * * * *

Subpart 4—General Provisions

SEC. 731. ADMINISTRATIVE PROVISIONS FOR SUBPARTS 1, 2, AND 3.

(a) * * *

* * * * * * *

[(e) CONTINUATION AWARDS.—The Secretary, using funds appropriated to carry out subparts 1 and 2, and before awarding any assistance under such parts to a recipient that did not receive assist-

ance under part C or D of title IX (as such parts were in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall continue to provide funding to recipients of assistance under such part C or D (as so in effect), as the case may be, pursuant to any multiyear award of such assistance.]

PART B—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. 741. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education, combinations of such institutions, and other public and private nonprofit institutions and agencies, to enable such institutions, combinations, and agencies to improve postsecondary education opportunities by—

[(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;]

(1) the encouragement of the reform and improvement of, and innovation in, postsecondary education and the provision of educational opportunity for all, especially for the non-traditional student populations;

(2) the creation of institutions, programs, and joint efforts involving paths to career and professional training, and combinations of academic and experiential learning *for postsecondary students, especially institutions, programs, and joint efforts that provide academic credit for programs*;

[(3) the establishment of institutions and programs based on the technology of communications;]

(3) the establishment of institutions and programs based on the technology of communications, including delivery by distance education;

* * * * * * *

[(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;]

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering postsecondary institutions and pursuing programs of postsecondary study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; [and]

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto[.]*;*

(9) the provision of support and assistance to programs implementing integrated education reform services in order to improve secondary school graduation and college attendance and completion rates for disadvantaged students, and to programs

that reduce postsecondary remediation rates, and improve degree attainment rates, for low-income students and former high school dropouts; and

(10) the assessment, in partnership with a public or private nonprofit institution or agency, of the performance of teacher preparation programs within institutions of higher education in a State, using an assessment which provides comparisons across such schools within the State based upon indicators including teacher candidate knowledge in subject areas in which such candidate has been prepared to teach.

* * * * * * *

(c) PROHIBITION.—No funds made available under this part may be used to provide financial assistance to students who do not meet the requirements of section 484(a)(5).

* * * * * * *

SEC. 744. SPECIAL PROJECTS.

(a) * * *

* * * * * * *

(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially include, but shall not be limited to, the following:

(1) * * *

[(2) Articulation between 2- and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2- to 4-year institutions of higher education.**]**

(2)(A) Development of partnerships between local educational agencies and institutions of higher education to establish or expand existing dual enrollment programs at institutions of higher education that allow high school students to earn high school and transferable college credit.

(B) Development of consortia of institutions of higher education to create dual enrollment programs including academic and student support agreements and comprehensive articulation agreements that would allow for the seamless and timeless acquisition of college credits and the transfer of postsecondary academic credits between such institutions, particularly from 2-year to 4-year institutions of higher education.

* * * * * * *

[(4) International cooperation and student exchange among postsecondary educational institutions.**]**

(4) International cooperation, partnerships, or student exchange among postsecondary educational institutions in the United States and abroad.

(5) Establishment of academic programs including graduate and undergraduate courses, seminars and lectures, support of research, and development of teaching materials for the purpose of supporting faculty and academic programs that teach traditional American history (including significant constitutional, political, intellectual, economic, diplomatic, and foreign policy trends, issues, and documents; the history, nature, and development of democratic institutions of which American democracy is a part; and significant events and individuals in the history of the United States).

(6) Support for planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to enable institutions of higher education to work with private and civic organizations to assist communities to meet and address their pressing and severe problems, including economic development, community infrastructure and housing, crime prevention, education, healthcare, self-sufficiency, and workforce preparation. Such activities may include support for the development of coordinated curriculum and internship opportunities for students in disadvantaged communities.

SEC. 745. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part [$30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years] *$40,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years*.

[PART C—URBAN COMMUNITY SERVICE

[SEC. 751. FINDINGS.

[The Congress finds that—

[(1) the Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community infrastructure and service, social policy, public health, housing, crime, education, environmental concerns, planning and work force preparation;

[(2) there are, in the Nation's urban institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

[(3) the skills, knowledge and experience in these urban institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

[(4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

[SEC. 752. PURPOSE; PROGRAM AUTHORIZED.

[(a) PURPOSE.—It is the purpose of this part to provide incentives to urban academic institutions to enable such institutions to work with private and civic organizations to devise and implement solutions to pressing and severe problems in their communities.

[(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section 754 in accordance with the provisions of this part.

[SEC. 753. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

[(a) APPLICATION.—

[(1) IN GENERAL.—An eligible institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought; and

[(B) include a plan that is agreed to by the members of a consortium that includes, in addition to the eligible institution, one or more of the following entities:

[(i) A community college.

[(ii) An urban school system.

[(iii) A local government.

[(iv) A business or other employer.

[(v) A nonprofit institution.

[(3) WAIVER.—The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this part.

[(b) PRIORITY IN SELECTION OF APPLICATIONS.—The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs. In addition, the Secretary shall give priority to eligible institutions submitting applications that demonstrate the eligible institution's commitment to urban community service.

[(c) SELECTION PROCEDURES.—The Secretary shall, by regulation, develop a formal procedure for the submission of applications under this part and shall publish in the Federal Register an announcement of that procedure and the availability of funds under this part.

[SEC. 754. ALLOWABLE ACTIVITIES.

[Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

[(1) Work force preparation.

[(2) Urban poverty and the alleviation of such poverty.

[(3) Health care, including delivery and access.

[(4) Underperforming school systems and students.

[(5) Problems faced by the elderly and individuals with disabilities in urban settings.

[(6) Problems faced by families and children.

[(7) Campus and community crime prevention, including enhanced security and safety awareness measures as well as coordinated programs addressing the root causes of crime.

[(8) Urban housing.

[(9) Urban infrastructure.

[(10) Economic development.

[(11) Urban environmental concerns.

[(12) Other problem areas which participants in the consortium described in section 753(a)(2)(B) concur are of high priority in the urban area.

[(13)(A) Problems faced by individuals with disabilities regarding accessibility to institutions of higher education and other public and private community facilities.

[(B) Amelioration of existing attitudinal barriers that prevent full inclusion by individuals with disabilities in their community.

[(14) Improving access to technology in local communities.

[SEC. 755. PEER REVIEW.

[The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, and State and local government, who have expertise in urban community service or in education.

[SEC. 756. DISBURSEMENT OF FUNDS.

[(a) MULTIYEAR AVAILABILITY.—Subject to the availability of appropriations, grants under this part may be made on a multiyear basis, except that no institution, individually or as a participant in a consortium of such institutions, may receive such a grant for more than 5 years.

[(b) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves an equitable geographic distribution of such grants.

[(c) MATCHING REQUIREMENT.—An applicant under this part and the local governments associated with the application shall contribute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in kind.

[SEC. 757. DESIGNATION OF URBAN GRANT INSTITUTIONS.

[The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as "Urban Grant Institutions". The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated, and applied throughout the Nation. The information developed as a result of this section shall be made available to Urban Grant Institutions and to any other interested institution of higher education by any appropriate means.

[SEC. 758. DEFINITIONS.

[As used in this part:

[(1) URBAN AREA.—The term "urban area" means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the eligible entity in the State submitting an application under section 753, or, if no such entity submits an application, the Secretary, shall designate one urban area for the purposes of this part.

[(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

[(A) a nonprofit municipal university, established by the governing body of the city in which it is located, and oper-

ating as of the date of enactment of the Higher Education Amendments of 1992 under that authority; or

[(B) an institution of higher education, or a consortium of such institutions any one of which meets all of the requirements of this paragraph, which—

[(i) is located in an urban area;

[(ii) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

[(iii) carries out programs to make postsecondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

[(iv) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

[(v) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

[(vi) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

[SEC. 759. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.]

PART D—DEMONSTRATION PROJECTS TO ENSURE STUDENTS WITH DISABILITIES RECEIVE A QUALITY HIGHER EDUCATION

* * * * * * *

SEC. 762. GRANTS AUTHORIZED.

(a) COMPETITIVE GRANTS AUTHORIZED.—The Secretary may award grants, contracts, and cooperative agreements, on a competitive basis, to institutions of higher education, of which at least two such grants shall be awarded to institutions that provide professional development and technical assistance in order for [students with learning disabilities] *students with disabilities* to receive a quality postsecondary education.

(b) DURATION; ACTIVITIES.—

(1) * * *

(2) AUTHORIZED ACTIVITIES.—Grants under this part shall be used to carry out one or more of the following activities:

(A) TEACHING METHODS AND STRATEGIES.—The development of innovative, effective, and efficient teaching methods and strategies to provide faculty and administrators with the skills and supports necessary to teach students with disabilities *in order to improve retention and completion*. Such methods and strategies may include inservice training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning, and training in the use of assistive and educational technology.

(B) EFFECTIVE TRANSITION PRACTICES.—The development of innovative, effective, and efficient teaching methods and strategies to ensure the smooth transition of students with disabilities from high school to postsecondary education.

[(B)] *(C)* SYNTHESIZING RESEARCH AND INFORMATION.—Synthesizing research and other information related to the provision of postsecondary educational services to students with disabilities.

(D) DISTANCE LEARNING.—The development of innovative, effective, and efficient teaching methods and strategies to provide faculty and administrators with the ability to provide accessible distance education programs or classes that would enhance access of students with disabilities to higher education, including the use of electronic communication for instruction and advisement.

[(C)] *(E)* PROFESSIONAL DEVELOPMENT AND TRAINING SESSIONS.—Conducting professional development and training sessions for faculty and administrators from other institutions of higher education to enable the faculty and administrators to meet the postsecondary educational needs of students with disabilities.

(3) MANDATORY EVALUATION AND DISSEMINATION.—Grants under this part shall be used for evaluation, and dissemination to other institutions of higher education, of the information obtained through the activities described in [subparagraphs (A) through (C)] *subparagraphs (A) through (E)*.

* * * * * * *

SEC. 763. APPLICATIONS.

Each institution of higher education desiring to receive a grant, contract, or cooperative agreement under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall include—

[(1) a description of how such institution plans to address each of the activities required under this part;]

(1) a description of how such institution plans to address the activities allowed under this part;

(2) a description of how the institution consulted with a broad range of people within the institution to develop activities for which assistance is sought; [and]

(3) a description of how the institution will coordinate and collaborate with the office that provides services to students with disabilities within the institution[.]*; and*

(4) a description of the extent to which an institution will work to replicate the best practices of institutions of higher education with demonstrated success in serving students with disabilities.

* * * * * * *

SEC. 765. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for this part $10,000,000 for [fiscal year 1999 and such sums as may be necessary for each

of the 4 succeeding fiscal years] *fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.*

SECTION 3 OF THE TAXPAYER-TEACHER PROTECTION ACT OF 2004

SEC. 3. LOAN FORGIVENESS FOR TEACHERS.

(a) * * *

(b) ADDITIONAL AMOUNTS ELIGIBLE TO BE REPAID.—

(1) * * *

* * * * * * *

[(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply only with respect to eligible individuals who are new borrowers (as such term is defined in 103 of the Higher Education Act of 1965 (20 U.S.C. 1003)) on or after October 1, 1998, and before October 1, 2005.]

* * * * * * *

EDUCATION OF THE DEAF ACT OF 1986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That this Act may be cited as the "Education of the Deaf Act of 1986".]

SECTION 1. SHORT TITLE.

This Act may be cited as the "Gallaudet University and National Technical Institute for the Deaf Act".

TITLE I—GALLAUDET UNIVERSITY; NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

PART A—GALLAUDET UNIVERSITY

* * * * * * *

SEC. 104. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

(a) GENERAL AUTHORITY.—(1)(A) The Board of Trustees of Gallaudet University is authorized, in accordance with the agreement under section 105, to maintain and operate*, at the Laurent Clerc National Deaf Education Center,* exemplary elementary and secondary education programs, projects, and activities for the primary purpose of developing, evaluating, and disseminating innovative curricula, instructional techniques and strategies, and materials that can be used in various educational environments serving individuals who are deaf or hard of hearing throughout the Nation.

* * * * * * *

(b) ADMINISTRATIVE REQUIREMENTS.—(1) The [elementary and secondary education programs] *Laurent Clerc National Deaf Education Center* shall—

(A) * * *

* * * * * * *

(2) To the extent possible, the [elementary and secondary education programs] *Laurent Clerc National Deaf Education Center* shall provide the services required under paragraph (1)(B) in an eq-

uitable manner, based on the national distribution of students who are deaf or hard of hearing in educational environments as determined by the Secretary for purposes of section 618(a)(1) of the Individuals with Disabilities Education Act. Such educational environments shall include—

(A) * * *

* * * * * * *

(5) The University, in consultation with the Secretary and consistent with the mission of the elementary and secondary programs operated at the Laurent Clerc National Deaf Education Center, shall—

(A) not later than the beginning of the 2007–2008 school year, adopt and implement academic content standards, academic achievement standards, and academic assessments as described in paragraphs (1) and (3) of section 1111(b) of the Elementary and Secondary Education Act of 1965 for such Center;

(B) develop adequate yearly progress standards for such Center as described in section 1111(b)(2)(C) of such Act; and

(C) publicly report the results of such assessments, except in such case in which such reporting would not yield statistically reliable information or would reveal personally identifiable information about an individual student.

PART B—NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

SEC. 111. AUTHORITY.

For the purpose of providing a residential facility for postsecondary technical training and education for individuals who are deaf in order to prepare them for successful employment, [the institution of higher education with which the Secretary has an agreement under this part] *the Rochester Institute of Technology* is authorized to operate and maintain a National Technical Institute for the Deaf.

SEC. 112. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) GENERAL AUTHORITY.—(1) The Secretary is authorized to establish or continue an agreement with [an institution of higher education] *the Rochester Institute of Technology, Rochester, New York,* for the establishment and operation, including construction and equipment, [of a] *of the* National Technical Institute for the Deaf. [The Secretary, in considering proposals from institutions of higher education to enter into an agreement under this part, shall give preference to institutions which are located in metropolitan industrial areas.]

(2) The Secretary and [the institution of higher education with which the Secretary has an agreement under this section] *the Rochester Institute of Technology—*

(A) * * *

(B) shall periodically update the agreement as determined necessary by the Secretary or [the institution] *the Rochester Institute of Technology*.

(b) PROVISIONS OF AGREEMENT.—The agreement shall—

(1) * * *

(2) provide that the Board of Trustees [or other governing body of the institution] *of the Rochester Institute of Technology*,

subject to the approval of the Secretary, will appoint an advisory group to advise the Director of NTID in formulating and carrying out the basic policies governing its establishment and operation, which group shall include individuals who are professionally concerned with education and technical training at the postsecondary school level, persons who are professionally concerned with activities relating to education and training of individuals who are deaf, and members of the public familiar with the need for services provided by NTID;

(3) provide that the Board of Trustees [or other governing body of the institution] *of the Rochester Institute of Technology* will prepare and submit to the Secretary, not later than June 1 following the fiscal year for which the report is submitted, an annual report containing an accounting of all indirect costs paid to [the institution of higher education under the agreement with the Secretary] *the Rochester Institute of Technology by the National Technical Institute for the Deaf*, which accounting the Secretary shall transmit to the [Committee on Education and Labor of the House of Representatives and to the Committee on Labor and Human Resources of the Senate] *Committee on Education and the Workforce of the House of Representatives and to the Committee on Health, Education, Labor, and Pensions of the Senate*, with such comments and recommendations as the Secretary may deem appropriate;

* * * * * * *

(c) LIMITATION.—If, within twenty years after the completion of any construction (except minor remodeling or alteration) for which such funds have been paid—

(1) the facility ceases to be used for the purposes for which it was constructed or the agreement is terminated, unless the Secretary determines that there is good cause for releasing the [institution] *Rochester Institute of Technology* from its obligation, or

(2) the [institution] *Rochester Institute of Technology* ceases to be the owner of the facility,

the United States shall be entitled to recover from the applicant or other owner of the facility an amount which has the same ratio with respect to the current market value of the facility as the amount of Federal funds expended for construction of such facility bears to the total cost of construction of the facility. The current market value of the facility shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

TITLE II—GENERAL PROVISIONS

SEC. 201. DEFINITIONS.

As used in this Act—

(1) * * *

* * * * * * *

[(3) The term "institution of higher education" means an educational institution in any State which (A) admits as regular students only individuals having a certificate of graduation from a school providing secondary education, or the recog-

nized equivalent of such a certificate; (B) is legally authorized within such State to provide a program of education beyond secondary education; (C) provides an educational program for which it awards a bachelor's degree; (D) includes one or more professional or graduate schools; (E) is a public or nonprofit private institution; and (F) is accredited by a nationally recognized accrediting agency or association. For the purpose of subparagraph (F), the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authority as to the quality of training offered.]

[(4)] *(3)* The term "Secretary" means the Secretary of Education.

[(5)] *(4)* The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

[(6)] *(5)* The term "NTID" means the National Technical Institute for the Deaf.

[(7)] *(6)* The term "University" means Gallaudet University.

(7) The term "RIT" means the Rochester Institute of Technology.

* * * * * * *

SEC. 203. AUDIT.

(a) [GENERAL ACCOUNTING OFFICE] *GOVERNMENT ACCOUNTABILITY OFFICE* AUTHORITY.—All financial transactions and accounts of the corporation or institution of higher education, as the case may be, in connection with the expenditure of any moneys appropriated by any law of the United States—

(1) * * *

(2) for the benefit of the National Technical Institute for the Deaf or for the construction of facilities for its use,

shall be settled and adjusted in the [General Accounting Office] *Government Accountability Office*.

(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. [The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.] *NTID shall have an annual independent financial and compliance audit made of RIT programs and activities, including NTID programs and activities.*

(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with [sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through (f), of section 207] *sections 102(b), 105(b)(4), 112(b)(5), 203(c), 207(b)(2), subsections (c) through (f) of section 207*, and subsections (b) and (c) of section 210.

(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary *and the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate* within 15 days of acceptance of the audit by the University [or the institution authorized to establish and operate the NTID under section 112(a)] *or RIT*, as the case may be, but not later than January 10 of each year.

(c) LIMITATIONS REGARDING EXPENDITURE OF FUNDS.—

(1) * * *

(2) POLICIES.—

(A) Not later than 180 days after the date of the enactment of the Education of the Deaf Act Amendments of 1992, the University and NTID shall develop policies, to be applied uniformly, for the allowability of expenditures for each institution. These policies should reflect the unique nature of these institutions. The principles established by the Office of Management and Budget for costs of educational institutions may be used as guidance in developing these policies. General principles relating to allowability and reasonableness of all costs associated with the operations of the institutions shall be addressed. These policies shall be submitted to the Secretary for review and comments, and to [the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate*.

* * * * * * *

SEC. 204. REPORTS.

The Board of Trustees of Gallaudet University and the Board of Trustees [or other governing body of the institution of higher education with which the Secretary has an agreement under section 112] *of RIT* shall prepare and submit an annual report to the Secretary, and to the [Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate] *Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate*, not later than 100 days after the end of each fiscal year, which shall include the following:

(1) * * *

(2) For the preceding academic year, and to the extent possible, the following data on individuals who are deaf and from minority backgrounds and who are students (at all educational levels) or employees:

(A) * * *

* * * * * * *

(C) The disposition of these students [upon graduation/completion] *within one year of graduation/completion* of programs at NTID and at the University and its elemen-

tary and secondary schools in comparison to students from non-minority backgrounds.

* * * * * * *

(3)(A) A summary of the annual audited financial statements and auditor's report of the University, as required under section 203, and (B) a summary of the annual audited financial statements and auditor's report [of the institution of higher education with which the Secretary has an agreement under section 112, including specific schedules and analyses for all NTID funds, as required under section 203] *of RIT programs and activities*, and such supplementary schedules presenting financial information for NTID for the end of the Federal fiscal year as determined by the Secretary.

* * * * * * *

SEC. 205. MONITORING, EVALUATION, AND REPORTING.

(a) * * *

* * * * * * *

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011* to carry out the monitoring and evaluation activities authorized under this section.

SEC. 206. LIAISON FOR EDUCATIONAL PROGRAMS.

(a) DESIGNATION OF LIAISON.—[Not later than 30 days after the date of enactment of this Act, the] *The* Secretary shall designate an individual in the Office of Special Education and Rehabilitative Services of the Department of Education from among individuals who have experience in the education of individuals who are deaf to serve as liaison between the Department and Gallaudet University, the National Technical Institute for the Deaf, and other postsecondary educational programs for individuals who are deaf under the Individuals with Disabilities Education Act, the Rehabilitation Act of 1973, and other Federal or non-Federal agencies, institutions, or organizations involved with the education or rehabilitation of individuals who are deaf or hard of hearing.

* * * * * * *

SEC. 207. FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) ESTABLISHMENT OF PROGRAMS.—

(1) * * *

(2) The Secretary and the Board of Trustees [or other governing body of the institution of higher education with which the Secretary has an agreement under section 112] *of RIT* are authorized to establish the National Technical Institute for the Deaf Federal Endowment Fund as a permanent endowment fund, in accordance with this section, for the purpose of promoting the financial independence of NTID. The Secretary and the Board or other governing body may enter into such agreements as may be necessary to carry out the purposes of this section with respect to NTID.

* * * * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) In the case of the University, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011*.

(2) In the case of NTID, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011*.

* * * * * * *

SEC. 208. OVERSIGHT AND EFFECT OF AGREEMENTS.

(a) OVERSIGHT ACTIVITIES.—Nothing in this Act shall be construed to diminish the oversight activities of the [Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives] *Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate* with respect to any agreement entered into between the Secretary of Education and Gallaudet University, and [the institution of higher education with which the Secretary has an agreement under part B of title I] *RIT*.

* * * * * * *

SEC. 212. AUTHORIZATION OF APPROPRIATIONS.

(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011* to carry out the provisions of title I and this title, relating to—

(1) * * *

* * * * * * *

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the [fiscal years 1998 through 2003] *fiscal years 2006 through 2011* to carry out the provisions of title I and this title relating to the National Technical Institute for the Deaf.

HIGHER EDUCATION AMENDMENTS OF 1998

* * * * * * *

TITLE IV—STUDENT ASSISTANCE

* * * * * * *

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

* * * * * * *

SEC. 422. REQUIREMENTS FOR DISBURSEMENTS OF STUDENT LOANS.

(a) * * *

* * * * * * *

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall be effective during the period beginning on October 1, 1998, and ending on September 30, 2002. *Such amendments shall also be effective on and after July 1, 2006.*

* * * * * * *

TITLE VIII—STUDIES, REPORTS, AND RELATED PROGRAMS

PART A—STUDIES

[SEC. 801. STUDY OF MARKET MECHANISMS IN FEDERAL STUDENT LOAN PROGRAMS.

[(a) STUDY REQUIRED.—The Comptroller General and the Secretary of Education shall convene a study group including the Secretary of the Treasury, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, representatives of entities making loans under part B of title IV of the Higher Education Act of 1965, representatives of other entities in the financial services community, representatives of other participants in the student loan programs, and such other individuals as the Comptroller General and the Secretary may designate. The Comptroller General and Secretary, in consultation with the study group, shall design and conduct a study to identify and evaluate means of establishing a market mechanism for the delivery of loans made pursuant to such title IV.

[(b) DESIGN OF STUDY.—The study required under this section shall identify not fewer than 3 different market mechanisms for use in determining lender return on student loans while continuing to meet the other objectives of the programs under parts B and D of such title IV, including the provision of loans to all eligible students. Consideration may be given to the use of auctions and to the feasibility of incorporating income-contingent repayment options into the student loan system and requiring borrowers to repay through income tax withholding.

[(c) EVALUATION OF MARKET MECHANISMS.—The mechanisms identified under subsection (b) shall be evaluated in terms of the following areas:

[(1) The cost or savings of loans to or for borrowers, including parent borrowers.

[(2) The cost or savings of the mechanism to the Federal Government.

[(3) The cost, effect, and distribution of Federal subsidies to or for participants in the program.

[(4) The ability of the mechanism to accommodate the potential distribution of subsidies to students through an income-contingent repayment option.

[(5) The effect on the simplicity of the program, including the effect of the plan on the regulatory burden on students, institutions, lenders, and other program participants.

[(6) The effect on investment in human capital and resources, loan servicing capability, and the quality of service to the borrower.

[(7) The effect on the diversity of lenders, including community-based lenders, originating and secondary market lenders.

[(8) The effect on program integrity.

[(9) The degree to which the mechanism will provide market incentives to encourage continuous improvement in the delivery and servicing of loans.

[(10) The availability of loans to students by region, income level, and by categories of institutions.

[(11) The proposed Federal and State role in the operation of the mechanism.

[(12) A description of how the mechanism will be administered and operated.

[(13) Transition procedures, including the effect on loan availability during a transition period.

[(14) Any other areas the study group may include.

[(d) PRELIMINARY FINDINGS AND PUBLICATION OF STUDY.—Not later than November 15, 2000, the study group shall make the group's preliminary findings, including any additional or dissenting views, available to the public with a 60-day request for public comment. The study group shall review these comments and the Comptroller General and the Secretary shall transmit a final report, including any additional or dissenting views, to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Committees on the Budget of the House of Representatives and the Senate not later than May 15, 2001.

[SEC. 802. STUDY OF THE FEASIBILITY OF ALTERNATIVE FINANCIAL INSTRUMENTS FOR DETERMINING LENDER YIELDS.

[(a) STUDY REQUIRED.—The Comptroller General and the Secretary of Education shall convene a study group including the Secretary of the Treasury, the Director of the Office of Management and Budget, the Director of the Congressional Budget Office, representatives of entities making loans under part B of title IV of the Higher Education Act of 1965, representatives of other entities in the financial services community, representatives of other participants in the student loan programs, and such other individuals as the Comptroller General and the Secretary of Education may designate. The Comptroller General and the Secretary of Education, in consultation with the study group, shall evaluate the 91-day Treasury bill, 30-day and 90-day commercial paper, and the 90-day London Interbank Offered Rate (in this section referred to as "LIBOR") in terms of the following:

[(1) The historical liquidity of the market for each, and a historical comparison of the spread between: (A) the 30-day and 90-day commercial paper rate, respectively, and the 91-day Treasury bill rate; and (B) the spread between the LIBOR and the 91-day Treasury bill rate.

[(2) The historical volatility of the rates and projections of future volatility.

[(3) Recent changes in the liquidity of the market for each such instrument in a balanced Federal budget environment and a low-interest rate environment, and projections of future liquidity assuming the Federal budget remains in balance.

[(4) The cost or savings to lenders with small, medium, and large student loan portfolios of basing lender yield on either

the 30-day or 90-day commercial paper rate or the LIBOR while continuing to base the borrower rate on the 91-day Treasury bill, and the effect of such change on the diversity of lenders participating in the program.

[(5) The cost or savings to the Federal Government of basing lender yield on either the 30-day or 90-day commercial paper rate or the LIBOR while continuing to base the borrower rate on the 91-day Treasury bill.

[(6) Any possible risks or benefits to the student loan programs under the Higher Education Act of 1965 and to student borrowers.

[(7) Any other areas the Comptroller General and the Secretary of Education agree to include.

[(b) REPORT REQUIRED.—Not later than 6 months after the date of enactment of this Act, the Comptroller General and the Secretary shall submit a final report regarding the findings of the study group to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

[SEC. 803. STUDENT-RELATED DEBT STUDY REQUIRED.

[(a) IN GENERAL.—The Secretary of Education shall conduct a study that analyzes the distribution and increase in student-related debt in terms of—

[(1) demographic characteristics, such as race or ethnicity, and family income;

[(2) type of institution and whether the institution is a public or private institution;

[(3) loan source, such as Federal, State, institutional or other, and, if the loan source is Federal, whether the loan is or is not subsidized;

[(4) academic field of study;

[(5) parent loans, and whether the parent loans are federally guaranteed, private, or property-secured such as home equity loans; and

[(6) relation of student debt or anticipated debt to—

[(A) students' decisions about whether and where to enroll in college and whether or how much to borrow in order to attend college;

[(B) the length of time it takes students to earn baccalaureate degrees;

[(C) students' decisions about whether and where to attend graduate school;

[(D) graduates' employment decisions;

[(E) graduates' burden of repayment as reflected by the graduates' ability to save for retirement or invest in a home; and

[(F) students' future earnings.

[(b) REPORT.—After conclusion of the study required by subsection (a), the Secretary of Education shall submit a final report regarding the findings of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 18 months after the date of enactment of the Higher Education Amendments of 1998.

[(c) INFORMATION.—After the study and report under this section are concluded, the Secretary of Education shall determine which information described in subsection (a) would be useful for families to know and shall include such information as part of the comparative information provided to families about the costs of higher education under the provisions of part C of title I.]

SEC. 804. STUDY OF TRANSFER OF CREDITS.

(a) * * *

(b) REPORT.—Not later than [one year after the date of enactment of this Act] *September 30, 2007*, the Secretary of Education shall submit a report to the Chairman and Ranking Minority Member of the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate detailing the Secretary's findings regarding the study conducted under subsection (a). The Secretary's report shall include such recommendation with respect to the recognition of accrediting agencies or associations *and policies of institutions of higher education* as the Secretary deems advisable.

[SEC. 805. STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETICS PROGRAMS.

[(a) STUDY.—The Comptroller General shall conduct a study of the opportunities for participation in intercollegiate athletics. The study shall address issues including—

[(1) the extent to which the number of—

[(A) secondary school athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms); and

[(B) intercollegiate athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms) at 2-year and 4-year institutions of higher education;

[(2) the extent to which participation by student-athletes in secondary school and intercollegiate athletics has increased or decreased in the 20 years preceding 1998 (in aggregate terms);

[(3) over the 20-year period preceding 1998, a list of the men's and women's secondary school and intercollegiate sports, ranked in order of the sports most affected by increases or decreases in levels of participation and numbers of teams (in the aggregate);

[(4) all factors that have influenced campus officials to add or discontinue sports teams at secondary schools and institutions of higher education, including—

[(A) institutional mission and priorities;

[(B) budgetary pressures;

[(C) institutional reforms and restructuring;

[(D) escalating liability insurance premiums;

[(E) changing student and community interest in a sport;

[(F) advancement of diversity among students;

[(G) lack of necessary level of competitiveness of the sports program;

[(H) club level sport achieving a level of competitiveness to make the sport a viable varsity level sport;

[(I) injuries or deaths; and

[(J) conference realignment;

[(5) the actions that institutions of higher education have taken when decreasing the level of participation in intercollegiate sports, or the number of teams, in terms of providing information, advice, scholarship maintenance, counseling, advance warning, and an opportunity for student-athletes to be involved in the decisionmaking process;

[(6) the administrative processes and procedures used by institutions of higher education when determining whether to increase or decrease intercollegiate athletic teams or participation by student-athletes;

[(7) the budgetary or fiscal impact, if any, of a decision by an institution of higher education—

[(A) to increase or decrease the number of intercollegiate athletic teams or the participation of student-athletes; or

[(B) to be involved in a conference realignment; and

[(8) the alternatives, if any, institutions of higher education have pursued in lieu of eliminating, or severely reducing the funding for, an intercollegiate sport, and the success of such alternatives.

[(b) REPORT.—The Comptroller General shall submit a report regarding the results of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.]

SEC. 806. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

(a) STUDY REQUIRED.—The Secretary of Education shall conduct a study of the effectiveness of cohort default rates as an indicator of administrative capability and program quality for institutions of [higher education at which less] *higher education. The study shall also review the effect of cohort default rates specifically on institutions of higher education at which less* than 15 percent of students eligible to borrow participate in the Federal student loan programs under title IV of the Higher Education Act of 1965 and fewer than 30 borrowers enter repayment in any fiscal year. At a minimum, the study shall include—

(1) * * *

* * * * * * *

(c) REPORT TO CONGRESS.—The Secretary of Education shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than [September 30, 1999,] *September 30, 2007,* regarding the results of the study described in subsection (a).

* * * * * * *

[PART C—COMMUNITY SCHOLARSHIP MOBILIZATION

[SEC. 811. SHORT TITLE.

[This part may be cited as the "Community Scholarship Mobilization Act".

[SEC. 812. FINDINGS.

[Congress finds that—

[(1) the local community, when properly organized and challenged, is one of the best sources of academic support, motivation toward achievement, and financial resources for aspiring postsecondary students;

[(2) local communities, working to complement or augment services currently offered by area schools and colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally-based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement, and recognition) and tangible, locally raised, effectively targeted, publicly recognized, financial assistance;

[(3) proven methods of stimulating these community efforts can be promoted through Federal support for the establishment of regional, State, or community program centers to organize and challenge community efforts to develop educational incentives and support for local students; and

[(4) using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

[SEC. 813. DEFINITIONS.

[In this part:

[(1) REGIONAL, STATE, OR COMMUNITY PROGRAM CENTER.—The term "regional, State, or community program center" means an organization that—

[(A) is a division or member of, responsible to, and overseen by, a national organization; and

[(B) is staffed by professionals trained to create, develop, and sustain local entities in towns, cities, and neighborhoods.

[(2) LOCAL ENTITY.—The term "local entity" means an organization that—

[(A) is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code (or shall meet this criteria through affiliation with the national organization);

[(B) is formed for the purpose of providing educational scholarships and academic support for residents of the local community served by such organization;

[(C) solicits broad-based community support in its academic support and fund-raising activities;

[(D) is broadly representative of the local community in the structures of its volunteer-operated organization and has a board of directors that includes leaders from local neighborhood organizations and neighborhood residents, such as school or college personnel, parents, students, community agency representatives, retirees, and representatives of the business community;

[(E) awards scholarships without regard to age, sex, marital status, race, creed, color, religion, national origin, or disability; and

[(F) gives priority to awarding scholarships for postsecondary education to deserving students from low-income families in the local community.

[(3) NATIONAL ORGANIZATION.—The term "national organization" means an organization that—

[(A) has the capacity to create, develop and sustain local entities and affiliated regional, State, or community program centers;

[(B) has the capacity to sustain newly created local entities in towns, cities, and neighborhoods through ongoing training support programs;

[(C) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code;

[(D) is a publicly supported organization within the meaning of section 170(b)(1)(A)(iv) of such Code;

[(E) ensures that each of the organization's local entities meet the criteria described in subparagraphs (C) and (D); and

[(F) has a program for or experience in cooperating with secondary and postsecondary institutions in carrying out the organization's scholarship and academic support activities.

[(4) HIGH POVERTY AREA.—The term "high poverty area" means a community with a higher percentage of children from low-income families than the national average of such percentage and a lower percentage of children pursuing postsecondary education than the national average of such percentage.

[(5) SECRETARY.—The term "Secretary" means the Secretary of Education.

[(6) STUDENTS FROM LOW-INCOME FAMILIES.—The term "students from low-income families" means students determined, pursuant to part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.), to be eligible for a Federal Pell Grant under subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a).

[SEC. 814. PURPOSE; ENDOWMENT GRANT AUTHORITY.

[(a) PURPOSE.—It is the purpose of this part to establish and support regional, State or community program centers to enable such centers to foster the development of local entities in high poverty areas that promote higher education goals for students from low-income families by—

[(1) providing academic support, including guidance, counseling, mentoring, tutoring, and recognition; and

[(2) providing scholarship assistance for the cost of postsecondary education.

[(b) ENDOWMENT GRANT AUTHORITY.—From the funds appropriated pursuant to the authority of section 816, the Secretary shall award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of regional, State or community program centers that foster the development of local entities in high poverty areas to improve secondary school graduation rates and postsecondary attendance through the provision of academic sup-

port services and scholarship assistance for the cost of postsecondary education.

[SEC. 815. GRANT AGREEMENT AND REQUIREMENTS.

[(a) IN GENERAL.—The Secretary shall award one or more endowment grants described in section 814(b) pursuant to an agreement between the Secretary and a national organization. Such agreement shall—

[(1) require a national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support the activities described in paragraphs (2) and (3);

[(2) require a national organization to use 70 percent of the interest income from the endowment fund in any fiscal year to support the establishment or ongoing work of regional, State or community program centers to enable such centers to work with local communities to establish local entities in high poverty areas and provide ongoing technical assistance, training workshops, and other activities to help ensure the ongoing success of the local entities;

[(3) require a national organization to use 30 percent of the interest income from the endowment fund in any fiscal year to provide scholarships for postsecondary education to students from low-income families, which scholarships shall be matched on a dollar-for-dollar basis from funds raised by the local entities;

[(4) require that at least 50 percent of all the interest income from the endowment be allocated to establish new local entities or support regional, State or community program centers in high poverty areas;

[(5) require a national organization to submit, for each fiscal year in which such organization uses the interest from the endowment fund, a report to the Secretary that contains—

[(A) a description of the programs and activities supported by the interest on the endowment fund;

[(B) the audited financial statement of the national organization for the preceding fiscal year;

[(C) a plan for the programs and activities to be supported by the interest on the endowment fund as the Secretary may require;

[(D) an evaluation of the programs and activities supported by the interest on the endowment fund as the Secretary may require; and

[(E) data indicating the number of students from low-income families who receive scholarships from local entities, and the amounts of such scholarships;

[(6) contain such assurances as the Secretary may require with respect to the management and operation of the endowment fund; and

[(7) contain an assurance that if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, then the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is

available to the national organization on the date of such determination.

[(b) RETURNED FUNDS.—All funds returned to the Secretary pursuant to subsection (a)(7) shall be available to the Secretary to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

[SEC. 816. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2000.

[PART D—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

[SEC. 821. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

[(a) FINDINGS.—Congress makes the following findings:

[(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

[(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

[(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

[(4) The average incarcerated youth has attended school only through grade 10.

[(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

[(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

[(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

[(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

[(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

[(10) There is a need for alternative educational opportunities during incarceration and after release.

[(b) DEFINITION.—For purposes of this part, the term "youth offender" means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

[(c) GRANT PROGRAM.—The Secretary of Education (in this section referred to as the "Secretary") shall establish a program in accordance with this section to provide grants to the State correctional education agencies in the States, from allocations for the States under subsection (i), to assist and encourage incarcerated

youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

[(d) APPLICATION.—To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

[(1) identifies the scope of the problem, including the number of incarcerated youths in need of postsecondary education and vocational training;

[(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

[(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

[(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, which methods and measures—

[(A) shall be appropriate to meet the goals and objectives of the proposal; and

[(B) shall include measures of—

[(i) program completion;

[(ii) student academic and vocational skill attainment;

[(iii) success in job placement and retention; and

[(iv) recidivism;

[(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

[(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

[(7) describes how students will be selected so that only youth offenders eligible under subsection (f) will be enrolled in postsecondary programs.

[(e) PROGRAM REQUIREMENTS.—Each State correctional education agency receiving a grant under this section shall—

[(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

[(A) work experience or apprenticeship programs;

[(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

[(C) placement services in occupations that the students are preparing to enter;

[(D) employment-based learning programs; and

[(E) programs that address State and local labor shortages;

[(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the

methods and performance measures contained in the proposal; and

[(3) provide to each State for each student eligible under subsection (f) not more than $1,500 annually for tuition, books, and essential materials, and not more than $300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.

[(f) STUDENT ELIGIBILITY.—A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

[(1) is eligible to be released within 5 years (including a youth offender who is eligible for parole within such time); and

[(2) is 25 years of age or younger.

[(g) LENGTH OF PARTICIPATION.—A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma or its recognized equivalent. Educational and related services shall start during the period of incarceration in prison or prerelease and may continue during the period of parole.

[(h) EDUCATION DELIVERY SYSTEMS.—State correctional education agencies and cooperating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

[(i) ALLOCATION OF FUNDS.—From the funds appropriated pursuant to subsection (j) for each fiscal year, the Secretary shall allot to each State an amount that bears the same relationship to such funds as the total number of students eligible under subsection (f) in such State bears to the total number of such students in all States.

[(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $17,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

* * * * * * *

PART E—GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES

SEC. 826. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

(a) * * *

* * * * * * *

[(f)] *(e)* DEFINITIONS.—In this section—

(1) * * *

* * * * * * *

[(g)] *(f)* AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part, there are authorized to be appropriated $10,000,000 [for each of fiscal years 2001 through 2005] *fiscal year 2006 and each of the 5 succeeding fiscal years*.

[PART F—IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA

[SEC. 831. IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.

[(a) ESTABLISHMENT.—The Director of the National Science Foundation is authorized, beginning in fiscal year 2000, to carry out an interdisciplinary program of education and research on East Asian science, engineering, and technology. The Director shall carry out the interdisciplinary program in consultation with the Secretary of Education.

[(b) PURPOSES.—The purposes of the program established under this section shall be to—

[(1) increase understanding of East Asian research, and innovation for the creative application of science and technology to the problems of society;

[(2) provide scientists, engineers, technology managers, and students with training in East Asian languages, and with an understanding of research, technology, and management of innovation, in East Asian countries;

[(3) provide program participants with opportunities to be directly involved in scientific and engineering research, and activities related to the management of scientific and technological innovation, in East Asia; and

[(4) create mechanisms for cooperation and partnerships among United States industry, universities, colleges, not-for-profit institutions, Federal laboratories (within the meaning of section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))), and government, to disseminate the results of the program assisted under this section for the benefit of United States research and innovation.

[(c) PARTICIPATION BY FEDERAL SCIENTISTS, ENGINEERS, AND MANAGERS.—Scientists, engineers, and managers of science and engineering programs in Federal agencies and the Federal laboratories shall be eligible to participate in the program assisted under this section on a reimbursable basis.

[(d) REQUIREMENT FOR MERIT REVIEW.—Awards made under the program established under this section shall only be made using a competitive, merit-based review process.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 2000.]

* * * * * * *

PART H—UNDERGROUND RAILROAD

SEC. 841. UNDERGROUND RAILROAD EDUCATIONAL AND CULTURAL PROGRAM.

(a) * * *

* * * * * * *

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $6,000,000 for fiscal

year 1999, $6,000,000 for fiscal year 2000, $6,000,000 for fiscal year 2001, $3,000,000 for fiscal year 2002, and $3,000,000 for fiscal year 2003.]

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $3,000,000 for fiscal year 2006 and such sums as may be necessary for each of the 5 succeeding fiscal years.

* * * * * * *

[PART J—WEB-BASED EDUCATION COMMISSION

[SEC. 851. DEFINITIONS.

[(a) IN GENERAL.—This part may be cited as the "Web-Based Education Commission Act".

[(b) DEFINITIONS.—In this part:

[(1) COMMISSION.—The term "Commission" means the Web-Based Education Commission established under section 852.

[(2) INFORMATION TECHNOLOGY.—The term "information technology" has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

[(3) STATE.—The term "State" means each of the several States of the United States and the District of Columbia.

[SEC. 852. ESTABLISHMENT OF WEB-BASED EDUCATION COMMISSION.

[(a) ESTABLISHMENT.—There is established a commission to be known as the Web-Based Education Commission.

[(b) MEMBERSHIP.—

[(1) COMPOSITION.—The Commission shall be composed of 16 members, of which—

[(A) three members shall be appointed by the President, from among individuals representing the Internet technology industry;

[(B) three members shall be appointed by the Secretary, from among individuals with expertise in accreditation, establishing statewide curricula, and establishing information technology networks pertaining to education curricula;

[(C) two members shall be appointed by the Majority Leader of the Senate;

[(D) two members shall be appointed by the Minority Leader of the Senate;

[(E) two members shall be appointed by the Speaker of the House of Representatives;

[(F) two members shall be appointed by the Minority Leader of the House of Representatives;

[(G) one member shall be appointed by the Chairperson of the Committee on Health, Education, Labor, and Pensions of the Senate from among members of the Senate; and

[(H) one member shall be appointed by the Chairperson of the Committee on Education and the Workforce of the House of Representatives from among members of the House of Representatives.

[(2) DATE.—The appointments of the members of the Commission shall be made not later than 45 days after the date of enactment of this Act.

[(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

[(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the Commission's first meeting.

[(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

[(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

[(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among the members of the Commission.

[SEC. 853. DUTIES OF THE COMMISSION.

[(a) STUDY.—

[(1) IN GENERAL.—The Commission shall conduct a thorough study to assess the educational software available in retail markets for secondary and postsecondary students who choose to use such software.

[(2) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United States concerning the assessment referred to in paragraph (1).

[(3) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the assessment referred to in paragraph (1).

[(b) REPORT.—Not later than 12 months after the first meeting of the Commission, the Commission shall submit a report to the President and Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with the Commission's recommendations—

[(1) for such legislation and administrative actions as the Commission considers to be appropriate; and

[(2) regarding the appropriate Federal role in determining quality educational software products.

[(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

[(1) officials of the Federal Government, and State governments and political subdivisions of States; and

[(2) educators from Federal, State, and local institutions of higher education and secondary schools.

[SEC. 854. POWERS OF THE COMMISSION.

[(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the duties of the Commission.

[(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may request from the head of any Federal agency or instrumentality such information as the Commission considers necessary to carry out the provisions of this part. Each such agency or instrumentality shall, to the extent permitted by law and subject to the exceptions set forth in section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), furnish such information to the Commission upon request.

[(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

[(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

[SEC. 855. COMMISSION PERSONNEL MATTERS.

[(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

[(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

[(c) STAFF.—

[(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform the Commission's duties. The employment of an executive director shall be subject to confirmation by the Commission.

[(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

[(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

[(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

[SEC. 856. TERMINATION OF THE COMMISSION.

[The Commission shall terminate on the date that is 90 days after the date on which the Commission submits the Commission's report under section 853(b).

[SEC. 857. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—There are authorized to be appropriated $450,000 for fiscal year 1999 to the Commission to carry out this part.

[(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.]

* * * * * * *

TRIBALLY CONTROLLED COLLEGE OR UNIVERSITY ASSISTANCE ACT OF 1978

* * * * * * *

DEFINITIONS

SEC. 2. (a) For purposes of this Act, the term—

(1) * * *

* * * * * * *

(6) "national Indian organization" means an organization which the Secretary finds is nationally based, represents a substantial Indian constituency, and has expertise [in the field of Indian education] *in the field of Tribal Colleges and Universities and Indian higher education*;

* * * * * * *

(b) The following conditions shall apply for the purpose of determining the Indian student count pursuant to paragraph (7) of subsection (a):

(1) * * *

* * * * * * *

[(5) Credits earned in a continuing education program shall be converted to a credit-hour basis in accordance with the tribally controlled college or university's system for providing credit for participation in such program.]

(5) Eligible credits earned in a continuing education program shall be determined as one credit for every 10 contact hours for institutions on a quarter system, and 15 contact hours for institutions on a semester system, of participation in an organized continuing education experience under responsible sponsorship, capable direction, and qualified instruction, as described in the criteria established by the International Association for Continuing Education and Training, and may not exceed 20 percent of an institution's total Indian student count.

* * * * * * *

TITLE I—TRIBALLY CONTROLLED COLLEGES OR UNIVERSITIES

* * * * * * *

ELIGIBLE GRANT RECIPIENTS

SEC. 103. To be eligible for assistance under this title, a tribally controlled college or university must be one which—

(1) * * *

(2) demonstrates adherence to stated goals, a philosophy, or a plan of operation which is directed to meet the needs of Indians; [and]

(3) if in operation for more than one year, has students a majority of whom are Indians[.]*; and*

(4) has been accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered, or is, according to such an agency or association, making reasonable progress toward accreditation.

* * * * * * *

APPROPRIATION AUTHORIZATION

SEC. 110. (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, $3,200,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(2) There is authorized to be appropriated for the purpose of carrying out section 107, $40,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(3) There is authorized to be appropriated for the purpose of carrying out sections 112(b) and 113, $10,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

(4) Funds appropriated pursuant to the authorizations under this section for the fiscal year [1999] *2006* and for each of the succeeding 4 fiscal years shall be transferred by the Secretary of the Treasury through the most expeditious method available, with each of the tribally controlled colleges or universities being designated as its own certifying agency.

* * * * * * *

TITLE III—TRIBALLY CONTROLLED COLLEGE OR UNIVERSITY ENDOWMENT PROGRAM

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. (a) There are authorized to be appropriated to carry out the provisions of this title, $10,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

* * * * * * *

TITLE IV—TRIBAL ECONOMIC DEVELOPMENT

SEC. 401. SHORT TITLE.

This title may be cited as the "Tribal Economic Development and Technology Related Education Assistance Act of 1990".

* * * * * * *

SEC. 403. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for grants under this title, $2,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

SECTION 5 OF THE NAVAJO COMMUNITY COLLEGE ACT

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. (a)(1) For the purpose of making construction grants under this Act, there are authorized to be appropriated $2,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years.

* * * * * * *

SECTION 1543 OF THE EDUCATION AMENDMENTS OF 1992

SEC. 1543. OLYMPIC SCHOLARSHIPS.

(a) * * *

* * * * * * *

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year [1999] *2006* and such sums as may be necessary for each of the [4] *5* succeeding fiscal years to carry out this section.

* * * * * * *

MINORITY VIEWS

INTRODUCTION

Every year millions of hardworking American families and students fall short when paying for college costs, even after grants, loans, family savings and work. The weakened economy, huge tax cuts for the super rich, and massive federal budget cuts have hurt state budgets, driving up tuition prices for students—more than 75 percent of whom attend public institutions.

The typical low-income student at a 4-year public college already falls short by $3,800, and the typical middle-income student falls $2,300 short, when paying for college each year.

Rather than helping these students and families, H.R. 609 makes students pay even more for their college education. The bill cuts $8.7 billion from the student aid programs and fails to significantly boost affordable college opportunities. Due to these shortcomings, we oppose the Committee passage of this legislation.

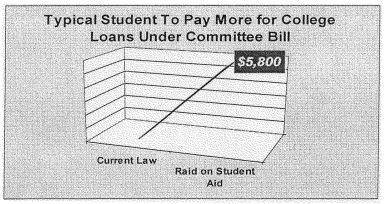
H.R. 609—Makes college more expensive by raising student loan interest rate caps

In 2002, Congress made a promise to students to lower the interest rate cap on student loans to 6.8 percent in 2006. H.R. 609 goes back on this promise, and sets the cap at 8.25 percent. As a result, the typical student borrower, with $17,500 in debt, would be forced to pay as much as $2,600 more for his or her loans.

Democrats offered an amendment that would have maintained Congress' bipartisan promise to lower the student loan interest rate cap, with a variable interest rate (for all non-consolidation loans), at no additional cost to taxpayers or students. The committee rejected this amendment.

H.R. 609—Forces students and families to pay for the National Budget Crisis

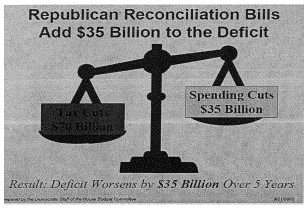
The bill saves $8.7 billion by: raising interest rates on student consolidation loans; raising the interest rate cap on student loans; eliminating borrower benefits that lower the cost of borrowing; cutting critical student aid delivery funds; and, eliminating some of the excessive subsidies paid to student lenders. This raid on student aid represents the single largest cuts to the nation's federal student aid programs ever. As a result of these cuts, the typical student borrower, with $17,500 in debt, could be forced to pay up to $5,800 more for his or her college loans, than compared to current law.



After widespread criticism from Democrats, students and editorial writers, the Majority finally agreed to reduce excessive subsidies to large lending institutions. But instead of recycling those dollars into low-interest loans and additional grants, the Majority plans to use the $8.7 billion in cuts—to lender subsidies and student aid—for alleged deficit reduction. They believed for years it was acceptable to spend billions in excessive subsidies on profitable banks, but now they refuse to spend this money on students.

The Majority claims that these cuts must be made in the budget reconciliation process to reduce the federal deficit—yet the budget reconciliation actually *increases* the federal deficit by $35 billion over 5 years.

This budget scheme balances the irresponsible management of our nation's budget on the backs of students and families who are already struggling to pay for college.



We should be doing more, not less, to increase affordable college opportunities not just because it is the right thing to do but because it is critical to the economic prosperity and well-being of the nation.

Since the passage of the Higher Education Act in 1965, Federal grants, loans and work-study have helped to send millions of students to college, many of whom would not have gone to college without the help.

This investment has been critical in making the U.S. the world economic leader it is today. However, the global economy has become significantly more competitive since 1965. Whether the U.S. retains its preeminence in this fiercely competitive environment will depend more and more on having a highly skilled workforce. Higher education is the critical tool for building that workforce.

This raid on student aid misses a golden opportunity to re-direct billions of dollars in savings by recycling the excessive subsidies paid to student lenders into additional grant aid for students—without any additional costs to taxpayers. This opportunity is an essential step towards ensuring that all college qualified students receive an affordable top quality higher education and that the U.S. is competitive in the global economy.

H.R. 609—Makes student borrowers pay more for consolidation loans

Committee members adopted a Petri-Boehner amendment that will give students the choice of a fixed or variable interest rate on consolidation—but that raises the interest rate on fixed consolidation loans by 1.0 percent (to 91-day Treasury bill + 3.3 percent, capped at 8.25 percent) and forces students to pay a .5 percent fee on fixed consolidation loans.

While this change improved the base bill, it would still result in the typical student borrower paying $2,800 more for his or her college loans, than under current law.

Democrats opposed raising rates on consolidation loans, but offered a 2nd degree amendment that would have kept cost increases to student borrowers much lower and raised almost the same amount of savings. The Miller 2nd degree amendment would have lowered the interest rate on fixed consolidation loans and eliminated the .5 percent origination fee. Republicans rejected the Democratic alternative.

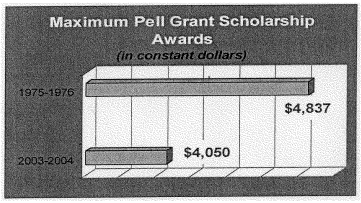
COMPARISON OF CONSOLIDATION LOAN AMENDMENTS

	Current law	Petri-Boehner amendment	Miller 2nd degree amendment
Student Consolidation Interest Rate Formula—In Repayment.	91-Day Treasury bill + 2.3 percent, capped at 8.25 percent.	91-Day Treasury bill + 3.3 percent, capped at 8.25 percent.	91-Day Treasury bill + 2.8 percent, capped at 8.25 percent.
Student Fee for Consolidation Loan.	No fee	0.50%	No fee.
CBO Savings	n/a	$11.5 billion over 6 years	$11.5 billion over 6 years.

H.R. 609—Fails to provide a real increase in the maximum Pell Grant Scholarship

The declining buying power of Pell grant scholarships and rising tuition prices are forcing millions of students to assume high debt, work long hours or even forgo college. The Committee has missed another opportunity to restore the original buying power of Pell grant scholarships. Last year the maximum Pell grant scholarship was worth $800 less, in inflation-adjusted terms, than it was in 1975–76.

Not only does H.R. 609 fail to restore the Pell grants to the level of its original value, but it fails to make good on the Republican promise of an actual $5,100 maximum Pell grant scholarship. Instead, the bill raises the authorizing level by a mere $200 dollars over 6 years.



Democrats offered an amendment that would have provided a guaranteed boost, with mandatory funds, of $500 the maximum Pell grant over 5 years, raising the overall Pell Maximum award

to $4,500—at no new cost to taxpayers. Republicans rejected this modest Pell increase.

H.R. 609—Changes the formula for campus based aid allocation and as a result takes aid from one needy student to pay for another needy student

H.R. 609 alters the formula for distributing funding for campus-based aid programs (Supplemental Educational Opportunity Grants, Work Study and Perkins Loans) and will significantly decrease aid to students in 29 states. The elimination of the base guarantee in the funding formula will harm thousands of students because it will simply take funds from disadvantaged students and shift those funds to another group of disadvantaged students. Any reallocation of the formula must include a significant increase in the overall investment of these successful programs, so that we don't rob one student in need to provide for another student in need.

Reps. Tierney and Kind offered an amendment to boost and equalize campus based aid funding. This amendment would require the Secretary of Education to phase in changes to the based guarantee in accordance with the necessary investment to the programs to ensure a level playing field. This amendment was narrowly defeated by a vote of 24–24.

ESTIMATED CHANGE IN CAMPUS-BASED AID FUNDING—BASE GUARANTEE ELIMINATION PROPOSAL

	SEOG change in allocation $	FWS change in allocation $	Perkins change in allocation $	Total change $	Percent change
Alabama	319,328	1,366,249	193,908	−853,013	−2.9
Alaska	−357,194	−292,672	0	−649,866	−39.1
Arizona	184,692	191,795	495,118	871,605	3.5
Arkansas	−109,651	−847,811	−223,204	−1,180,666	−8.8
California	5,346,622	6,981,497	1,367,670	13,695,789	7.0
Colorado	354,210	−35,688	−224,410	94,112	0.4
Connecticut	68,743	744,203	−2,244	810,702	3.8
Delaware	184,837	170,007	−4,868	349,976	10.5
District of Columbia	17,425	1,884,291	240,916	2,142,632	11.3
Florida	1,894,571	2,956,506	1,975,050	6,826,127	9.1
Georgia	1,172,369	−896,299	414,028	690,098	1.7
Hawaii	−109,763	−161,240	−16,180	−287,183	−7.4
Idaho	−68,365	276,785	−146,554	61,866	1.2
Illinois	1,582,535	1,975,747	−703,749	2,854,533	3.0
Indiana	875,175	1,201,143	−164,648	1,911,670	5.0
Iowa	268,598	1,088	−391,244	−121,558	−0.5
Kansas	−609,378	−821,312	−693,636	−2,124,326	−14.6
Kentucky	803,328	−1,518,496	−11,330	−726,498	−3.2
Louisiana	915,018	−1,193,153	99,218	−178,917	−0.7
Maine	−3,346,280	−3,425,036	−460,794	−7,232,110	−46.5
Maryland	−262,256	272,230	43,102	53,076	0.2
Massachusetts	−4,398,750	−4,886,369	−96,665	−9,381,784	−11.7
Michigan	−1,798,914	752,152	−1,213,575	−2,260,337	−4.0
Minnesota	−2,377,299	−1,248,027	−452,806	−4,078,132	−11.1
Mississippi	−1,282,404	−2,487,498	−700,467	−4,470,369	−20.0
Missouri	923,933	945,748	−63,658	1,806,023	5.0
Montana	241,460	−378,709	−177,076	−314,325	−5.2
Nebraska	52,045	−138,681	−268,659	−355,295	−3.1
Nevada	195,286	295,456	66,199	556,941	13.2
New Hampshire	−769,185	−1,502,087	−156,759	−2,428,031	−18.7
New Jersey	501,889	450,066	106,108	1,058,063	2.8
New Mexico	−586,005	−2,183,573	−204,870	−2,974,448	−26.2
New York	7,189,176	7,766,963	3,204,027	18,160,166	9.7

ESTIMATED CHANGE IN CAMPUS-BASED AID FUNDING—BASE GUARANTEE ELIMINATION PROPOSAL—Continued

	SEOG change in allocation $	FWS change in allocation $	Perkins change in allocation $	Total change $	Percent change
North Carolina	−1,820,724	−1,384,785	−88,970	−3,294,479	−8.0
North Dakota	−965,544	−577,921	2,866,841	1,323,376	19.9
Ohio	775,727	46,677	620,384	1,442,788	2.0
Oklahoma	36,553	−619,493	−456,089	−1,039,029	−5.3
Oregon	−1,738,961	−889,047	−185,769	−2,813,777	−11.2
Pennsylvania	2,514,303	4,595,845	1,265,707	8,375,855	7.5
Puerto Rico	1,650,308	432,023	442,540	2,524,871	7.1
Rhode Island	21,779	−533,551	36,572	−475,200	−2.8
South Carolina	100,627	−789,970	97,811	−591,532	−2.5
South Dakota	−635,011	−1,360,964	−234,921	−2,230,896	−27.7
Tennessee	5,768	−452,951	−6,719	−453,902	−1.4
Texas	647,894	1,103,488	−1,236,695	514,687	0.5
Utah	−422,039	214,156	−477,662	−685,545	−6.4
Vermont	−2,382,485	−1,778,571	−264,202	−4,425,258	−37.7
Virginia	854,144	−174,968	12,640	691,816	2.0
Washington	−844,292	771,689	−229,162	−301,765	−1.0
West Virginia	−76,805	−302,606	−127,184	−506,595	−4.1
Wisconsin	−4,769,861	−1,419,305	−1,192,894	−7,382,060	−19.3
Wyoming	16,325	112,844	−80,097	49,072	1.9

**Total 29 states would lose funding under this proposal.
Source: American Council on Education, Center for Policy Analysis.

H.R. 609—Fails to provide real relief for rising College costs

Under the bill, the earliest that students and families could receive any relief from rising college costs would be five years after enactment, at which point colleges and universities with rapidly increasing tuition would be required to increase their reporting and disclosures to the public and federal government.

In addition, the bill fails to engage states and encourage them to grow funds for higher education, so that college tuition is more affordable to the more than 75 percent of students who attend public, state supported institutions.

Reps. Tierney and McCollum offered an amendment to address rising college tuition that would provide immediate relief to students and families by: promoting affordable tuition by encouraging states to grow funds for higher education; providing incentives to public and private colleges to make tuition more affordable; ensuring colleges curb their costs—and tuition prices—through cost containment strategies; and, putting students and families in control by providing easy to understand information about college costs through accessible public disclosures.

The Committee rejected this amendment on a party line vote of 27 to 19.

H.R. 609—Fails to meet the growing demand for additional investments in College and Universities that serve predominantly minority, low-income and first generation students

Millions of minority and first-generation students cannot afford to attend college, while the institutions that traditionally serve these students struggle to expand their infrastructure, student support services and academic programs. Additionally, we face a shortage of minority teachers and an immediate need to encourage more Latinos to pursue advanced degrees.

We strongly support the passage of the Hinojosa-Grijalva-Fortuno-Tiberi amendment to establish the graduate Hispanic Serving Institutions program to significantly increase the number of Latino students earning advanced degrees—though we are disappointed that the full authorization level of $125 million was not passed. We believe that the passage of this amendment was only a first step in boosting the college participation of these students. We must significantly boost our investment in all minority serving institutions to ensure that all college qualified students can access an affordable top quality education.

H.R. 609—Raises student loan fees

While the bill provides for a gradual phase out of the 3 percent origination fee charged to student and parent borrowers, it effectively doubles the current 1.5 percent origination fee that Direct Loan borrowers pay in the first year of the phase out (2006). In the second year of the phase out, the origination fee is 1 percent higher, and in the third year, .5 percent higher than borrowers in the Direct Loan program currently pay. While we strongly support elimination of these student taxes, which Democratic members have been urging for years, we cannot support legislation that raises fees, and the cost of college, for students, before eliminating them.

H.R. 609 also requires guaranty agencies to charge student and parent borrowers a 1 percent insurance fee on their loans. Most guaranty agencies currently waive this fee, but the bill requires borrowers to pay this tax. According to the Congressional Budget Office, this change will raise $3.6 billion over 10 years from borrowers.

H.R. 609—Eliminates critical borrower benefits that encourage on-time repayment and lower interest rates

The bill eliminates the Secretary of Education's authority to provide benefits, such as lower interest rates, to student borrowers in the Direct Loan program who make a certain number of on-time payments. Private banks who participate in the Federal Family Education Loan (FFEL) program currently offer similar benefits to their student borrowers.

The bill also eliminates the in-school consolidation benefit, which allows student borrowers (in both the Direct Loan and FFEL programs) who are still in school or in their six month grace period, to consolidate their loans at a lower interest rate (60 basis points lower). The elimination of this benefit will cost the typical student borrower nearly $1,000 in additional interest rate charges, compared to current law.

H.R. 609—Closes the 9.5 percent loan loophole

Led by Reps. Kildee and Van Hollen, last year Congress voted to partially close the loophole with student lenders to collect a guaranteed 9.5 percent rate of return on certain student loans. This rate of return is 4 percent higher (and was 6 percent higher last year) than the return which lenders receive on regular student loans. However, this partial closure still allowed lenders to "recycle," or use the interest payments and the excessive subsides paid

on their outstanding 9.5 percent loans to make new loans which also receive the 9.5 percent rate of return. The Government Accountability Office estimated that recycling alone is responsible for up to 40 percent of the current loan volume which is guaranteed this 9.5 percent rate of return.

At the urging of Committee Democrats, H.R. 609 completely closes the 9.5 percent loophole which generated billions of dollars in excessive profits to lenders. The closure of this loophole will generate over $2 billion dollars in savings over the next 6 years—money which should be reinvested into student aid. Unfortunately, the Majority is using these savings to pay for alleged deficit reduction.

H.R. 609—Promotes the suppression of free speech on College campuses

We agree that it is critical that students, faculty and other members of the campus community have the ability to exercise their right to free speech, whether it is in the classroom or an event on campus.

Democrats believe that any attempts to stifle the free speech rights of students and faculty should be taken seriously. However, without a conclusive body of evidence regarding this issue, it is unclear what problem this bill is trying to fix.

SIGNIFICANT CHANGES TO STUDENT AID SAFEGUARDS

Several changes were made to the key student aid safeguards, such as the 50 percent rules, the 90–10 rule, and the single definition of an institution of higher education. While we support expanding college opportunities for students, a number of our members remain concerned that some of these changes, absent strong alternative safeguards, may result in increased fraud and abuse in the student aid programs. We are also very concerned at the Committee's overall failure to perform its oversight duties to ensure that the nearly $80 billion of federal student aid that is disbursed each year is done so with the utmost integrity.

We encourage the Chairman to carry out the necessary oversight to ensure both the integrity of the student aid programs and to ensure that all students receive a top quality education.

PETRI-MILLER AMENDMENT

Reps. Petri and Miller offered an amendment to incentivize colleges and universities to use the lowest-cost federal lending program, whether it is the Direct Loan program or the Federal Family Education Loan program. Under this amendment, colleges that switch to the cheaper of the two lending programs, as determined by the secretary of Education, will be given half of the savings generated from the switch. Colleges must use those savings to increase Pell grant scholarships or need-based graduate student fellowships.

Colleges that already use the lowest-cost federal lending program at the time of enactment share the savings generated by the schools that switch to the less expensive program and must use the savings to increase Pell grant scholarships or need-based graduate student fellowships. Analysis by the Congressional Budget Office found that if passed, this provision would boost student grant aid

by $17 billion dollars over 10 years, at no additional cost to taxpayers. Republicans rejected the amendment.

ACCREDITATION

Our members continue to have serious reservations about the McKeon Amendment to require accrediting agencies, as part of the accreditation process, to consider the "stated missions of institutions of higher education, including but not limited to such missions as inculcation of religious values * * * ". This amendment deserves close scrutiny as for the first time it would require the Federal Government, as part of their determination of the acceptability of accrediting agencies, to evaluate whether an accrediting agency has appropriately considered an institution's religious affiliation in its review of the program under consideration for accreditation. We believe that the amendment is not warranted in light of current practices by accrediting agencies and could have tremendous implications for the independence of accrediting agencies in determining appropriate standards for accreditation.

The Majority has not presented evidence that this amendment is necessary. In fact, institutions of higher education, accrediting agencies and the faith community have, in the past, debated this issue and found an appropriate balance that preserves both religious and academic freedom. In 2000, the American Psychological Association (APA), the accrediting agency for doctoral and graduate programs in psychology, was presented with a proposal to eliminate an exemption [1] for religiously affiliated institutions relating to the APA guidelines on "cultural and individual diversity". The exemption allowed such institutions to continue to uphold their right to safeguard their religious teachings and tenets and still achieve the standards set by the APA. Elimination of this exemption was soundly opposed by a broad coalition of groups. Other accrediting agencies such as the American Bar Association, the Middle States Association of Colleges and Schools and the Western Association of Colleges and Schools have also seen fit to provide exemptions for religiously affiliated institutions.

The provision currently included in the bill does not reflect our view that such a change from current law is unnecessary. We continue to support the rights of religiously affiliated institutions of higher education to retain their religious and academic freedom while according accrediting agencies their abilities to set appropriate academic standards of excellence for their programs.

[1] Footnote 4 of the American Psychological Association's Guidelines and Principles for Accreditation of Programs in Professional Psychology states, "This requirement does not exclude programs from having a religious affiliation or purpose and adopting and applying admission and employment policies that directly relate to this affiliation or purpose so long as (1) Public notice of these policies has been made to applicants, students, faculty, or staff before their application or affiliation with the program; and (2) the policies do not contravene the intent of other relevant portions of this document or the concept of academic freedom. These policies may provide a preference for persons adhering to the religious purpose or affiliation of the program, but they shall not be used to preclude the admission, hiring, or retention of individuals because of the personal and demographic characteristics described in Domain A, Section 5 of this document (and referred to as cultural and individual diversity). This footnote is intended to permit religious policies as to admission, retention, and employment only to the extent that they are protected by the U.S. Constitution. It will be administered as if the U.S. Constitution governed its application."

CONCLUSION

American students and families need more affordable college opportunities. Significantly boosting these opportunities is critical to the success of the American economy and the nation's ability to maintain and grow our competitive edge in the global economy.

Not only does this bill fail on this account, but it actually makes the largest single cut to the student aid programs ever. As a result, students will be forced to pay thousands of dollars more for college.

This bill, squanders a rare chance to re-deploy billions of dollars, saved from cuts to excessive lender subsidies, toward boosting grant aid and lowering the cost of borrowing to students. Rather than advance this partisan legislation, which is opposed by students, colleges, and consumer groups alike, we should be focused on increasing affordable college opportunities to all Americans.

The reauthorization of the Higher Education Act offered the Committee an opportunity to ensure college access to all Americans. Unfortunately, the Majority chose to pass up this golden opportunity and instead, is making college students and families pay for the irresponsible budget management of the Congress.

DEMOCRATIC AMENDMENTS OFFERED IN FULL COMMITTEE MARKUP OF H.R. 609

Mr. Miller, Mr. Kildee, Mr. Kind, Mr. Van Hollen and Mr. Barrow offered an amendment that would maintain Congress' promise to lower the student loan interest rate caps to 6.8 percent in 2005, offered student borrowers the choice of a variable or low fixed interest rate on their consolidation loans, and restore the value of Pell grant scholarships to their maximum buying power. The amendment was defeated.

Mr. Miller offered a second degree amendment to the Petri amendment on loan consolidation to lower interest rates and to eliminate the .5 percent origination fee charged to students. The amendment was defeated.

Mr. Tierney and Ms. McCollum offered an amendment to make college tuition more affordable. The amendment was defeated.

Mr. Holt and Mr. Bishop offered an amendment to grant rebates to students who will have their Pell awards reduced or eliminated this fall, due to the recent student aid reduction from the Bush administration. The amendment was defeated.

Mr. Tierney and Mr. Kind offered an amendment to boost and equalize campus based aid funding. The amendment was defeated.

Mr. Andrews offered a hold harmless amendment on campus based aid. The amendment was defeated.

Mr. Kildee and Mr. Van Hollen offered an amendment to provide additional safeguards to schools acting as lenders. The amendment was accepted under unanimous consent.

Mr. Miller offered a second degree amendment to the Petri amendment on guaranty agencies to require that the Bush proposals on eliminating excessive subsidies to guaranty agencies. The amendment was defeated.

Mr. Hinojosa and Mr. Grijalva offered an amendment on graduate HSI programs that would establish a program to significantly

increase the number of Latino students earning advanced degrees. The amendment passed by recorded vote.

Mr. Van Hollen offered an amendment to strike the provision that forces students to pay the insurance fee on their student loans. The amendment was defeated.

Mr. Holt and Mr. Kind offered an amendment to provide up front tuition assistance for students pursuing careers in math, science or engineering. The amendment was defeated by voice vote.

Mr. Scott offered an amendment to expand teaching centers of excellence at minority serving institutions. The amendment failed by voice vote.

Mr. Miller and Mr. Petri offered an amendment to include the Student Aid Reward Act as part of the Higher Education Act. The amendment was defeated.

Mr. Miller offered an amendment on teacher quality to: increase the supply of outstanding teachers; ensure that all children have teachers with expertise in the subjects they teach; identifying and reward our best teachers; and, keeping the best teachers and principals in our schools. The amendment was defeated.

Mr. Grijalva and Ms. McCollum offered an amendment to retain the separate definitions of institutions of higher education. The amendment was withdrawn.

Mr. Davis offered an amendment to create a study on minority males, their graduation rates, why they are not attending college, and ways to address the problem. The amendment was agreed to by voice vote.

Mrs. Davis offered an amendment to reduce fees for student borrowers. The amendment was defeated.

Mr. Kind and Mr. Van Hollen offered an amendment on FLAS award that would establish undergraduate scholarships to students studying high priority languages. The amendment was withdrawn.

Mr. Holt offered an amendment to on Title 6 dealing with science, technology and foreign languages. The amendment was defeated.

Mr. Ryan offered an amendment on the college textbook rental expansion program. The amendment was defeated.

Ms. Woolsey offered an amendment on the Pasty Mink Fellowship that would increase the number of women and minorities pursuing advanced degrees in priority fields of study. The amendment was defeated.

Mr. Wu offered an amendment to establish a grant program to encourage institutions of higher education to create partnerships with community colleges. The amendment was accepted by unanimous consent.

Mr. Wu offered an amendment on university sustainability centers. The amendment was defeated.

Mr. Bishop and Mr. Tierney offered an amendment to establish a cooperative education program. The amendment was defeated.

Ms. Woolsey offered an amendment to prohibit the Secretary of Education from enforcing recent guidance that would allow institutions to demonstrate equal athletic opportunities solely on the basis of a survey and to count on non-responses to such a survey as a lack of interest in athletic opportunities. The amendment was defeated.

Mrs. Davis offered an amendment on veterans. The amendment was withdrawn.

Mr. Tierney offered an amendment on the academic bill of rights, striking section 103. The amendment was defeated.

Mr. Andrews offered an amendment on campus fire safety. The amendment passed by recorded vote.

Ms. McCarthy offered an amendment on graduation/completion rates that would add language to section (K) of the College Consumer Profile. The language would identify whether completion or graduation rates are from a 2-year or a 4-year school. The amendment was accepted under unanimous consent.

Ms. McCarthy offered an amendment to clarify language in the affordability section. The amendment was accepted under unanimous consent.

Mr. Owens offered an amendment to establish predominantly Black Serving Institutions under title 3 of the HEA. The amendment was defeated.

Mr. Owens offered an amendment to strike minimum grants for HBCUs. The amendment was defeated.

Mr. Wu offered an amendment on refinancing consolidation loans. The amendment was defeated.

Mr. Grijalva offered an amendment en bloc on: (a) providing loan forgiveness for librarians and (b) additional areas of need, dealing with highly qualified teachers in bilingual education in low-income communities. The amendment was agreed to by voice vote.

Mr. Davis offered on amendment to allow prisoners to receive financial aid while in prison. The amendment was defeated.

Mr. Tierney offered an amendment to ensure Pell equity, striking the State Scholars language. The amendment was defeated.

Mr. Scott and Mr. Grijalva offered an amendment on hate crimes so that an institution's data that is collected matches with data from the FBI. The amendment was defeated by voice vote.

Ms. McCarthy and Mr. Tiberi offered an amendment on Project GRAD. The amendment was withdrawn.

Mr. Davis, Mr. Andrews and Mr. Kucinich offered an amendment to repeal the drug question on the federal student aid application. The amendment was defeated.

Mr. Holt offered an amendment to expand affordable child care assistance for low-income students. The amendment was defeated.

Mr. Ryan and Mr. Tierney offered an amendment with Mr. McKeon to simplify the student aid application process. The amendment was agreed to by voice vote.

Mr. Bishop offered an amendment to ensure the transfer of college credits. The amendment was defeated.

Mr. Van Hollen offered an amendment on regulatory relief experimental sites. The amendment was agreed to by voice vote.

Mr. Andrews offered an en bloc amendment on: (a) additional deferments up to two years for individuals who participate in an internship program following graduation; (b) residency program deferments for medical and dental residents; and restrict students' ability to consolidate their loans at a low fixed rate, eliminate origination fees, and change borrow repayment terms. The amendment was defeated.

Mr. Andrews and Mr. Holt offered an amendment on over award that provides that federal aid be given without regard to university aid, which could then be given on top. The amendment was defeated by voice vote.

Mr. Andrews offered an amendment on Bryan's Law, dealing with missing person procedures. The amendment was defeated.

Mr. Andrews offered an amendment requiring a meningitis vaccine for all incoming students. The amendment was defeated.

Mr. Andrews offered an amendment on technology asset disposal that would require personal computers disposed of by the institution of higher education to be fully scrubbed of personal information and also in an environmentally friendly manner. The amendment was defeated.

Mr. Andrews offered an amendment to amend the definition of clock hours. The amendment was agreed to by voice vote.

Mr. Andrews offered an amendment to direct the Education Secretary to support effort to create an American university in Jordan. The amendment was withdrawn.

Mr. Bishop offered on an amendment on pre-competitive innovation that would develop a grant program for institutions of higher education to help bridge the gap between laboratory discoveries and community viable researching. The amendment was defeated.

Mr. Wu offered an amendment on college textbook affordability and prices. The amendment was agreed to by voice vote.

Mr. Wu offered an amendment on the National Commission on College Textbook Affordability. The amendment was withdrawn.

Mr. Kind offered an amendment on creating a GAG study for older adult learners. The amendment was agreed to by voice vote.

Mr. Kind offered an amendment on the education grant program. The amendment was defeated by voice vote.

Mr. Andrews offered an amendment on uncooperative parents that would allow students whose parents won't provide financial information on the FAFSA to receive unsubsidized loans. The amendment was withdrawn.

Mr. Andrews offered an amendment on student assistance. The amendment was withdrawn.

Ms. McCarthy and Mr. Porter offered an amendment to provide up to $5,000 in loan forgiveness for individuals who have completed a baccalaureate or advanced degree and who serve for 5 consecutive years in "areas of national need" as designated by the Secretary of Education. The amendment was accepted by voice vote.

Ms. McCarthy offered an amendment to ensure that degrees from Rabbincal schools will be able to continue to be recognized as the equivalent of Baccalaureate degrees. This amendment was accepted by voice vote.

GEORGE MILLER.
TIMOTHY BISHOP.
RAÚL M. GRIJALVA.
CHRIS VAN HOLLEN.
DENNIS J. KUCINICH.
RUBERT E. ANDREWS.
RUSH HOLT.
LYNN WOOLSEY.
SUSAN DAVIS.
MAJOR R. OWENS.
DALE E. KILDEE.
JOHN F. TIERNEY.
DANNY K. DAVIS.
CAROLYN MCCARTHY.
TIM RYAN.
BETTY MCCOLLUM.
RON KIND.
DAVID WU.
DONALD M. PAYNE.
ROBERT C. "BOBBY" SCOTT.

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