

Public Law 100-369  
100th Congress

An Act

To amend the Higher Education Act of 1965 to prevent abuses in the Supplemental Loans for Students program under part B of title IV of the Higher Education Act of 1965, and for other purposes.

July 18, 1988  
[H.R. 4639]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. PELL GRANT APPLICATION REQUIRED FOR GSL AND SLS LOANS.**

Section 484(b)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(b)(1)) is amended—

(1) by striking out “section 428A, 428B, or 428C” and inserting “section 428B or 428C”;

(2) by striking out subparagraph (A) and inserting the following:

“(A)(i) have received a determination of eligibility or ineligibility for a Pell Grant under such subpart 1 for such period of enrollment; and (ii) if determined to be eligible, have filed an application for a Pell Grant for such enrollment period; or”.

**SEC. 2. GSL LOAN APPLICATION REQUIRED FOR SLS LOANS.**

Section 484(b) of the Higher Education Act of 1965 is further amended—

(1) by redesignating paragraph (2) as paragraph (3); and

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

“(2) In order to be eligible to receive any loan under section 428A 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.”.

**SEC. 3. DETERMINATION OF SLS LOAN AMOUNTS.**

Section 428A(b)(3) of the Higher Education Act of 1965 (20 U.S.C. 1078-1(b)(3)) is amended by striking out “minus (B)” and inserting “minus (B) the total of (i) any loan for which the student is eligible under section 428 and (ii)”.

**SEC. 4. RESTRICTIONS ON SLS LOAN ELIGIBILITY.**

Section 428A(a) of the Higher Education Act of 1965 (20 U.S.C. 1078-1(a)) is amended—

(1) in the last sentence, by striking “extenuating” and inserting “exceptional”; and

(2) by adding at the end the following: “If the financial aid administrator makes such a determination, appropriate documentation of such determination shall be maintained in the institution’s records to support such determination.”.

Records.

## SEC. 5. SLS LOAN DISBURSEMENT.

20 USC 1078-1. (a) DISBURSEMENT REQUIREMENTS.—Section 428A(b) of the Higher Education Act of 1965 is further amended by inserting after paragraph (3) the following:

“(4) DISBURSEMENT.—Any loan under this section shall be disbursed in the manner required by subparagraphs (N) and (O) of section 428(b)(1).”

(b) CONFORMING AMENDMENTS.—(1) Section 427(b)(2) of such Act (20 U.S.C. 1077(b)(2)) is amended by striking out “section 428A, 428B, or 428C” and inserting “section 428B or 428C”.

(2) Section 428(b)(1)(O) of such Act (20 U.S.C. 1078(b)(1)(O)) is amended by striking out “section 428A, 428B, or 428C” and inserting “section 428B or 428C”.

(3) Section 428A(c) of such Act (20 U.S.C. 1078-1(c)) is amended—

(A) in paragraph (1), by inserting after “disbursed by the lender,” the following: “or, if the loan is disbursed in multiple installments, not later than 60 days after the disbursement of the last such installment,”;

(B) in paragraph (2), by inserting after “made under this section” the following: “which are disbursed in installments or,”; and

(C) in such paragraph (2) by inserting a comma after “428(b)(1)(M)(i)”.

## SEC. 6. TECHNICAL AMENDMENT CONCERNING TEACHER TRAINING PROGRAM ELIGIBILITY FOR GSL PROGRAM.

20 USC 1091.

Section 484 of the Act is further amended—

(1) in subsection (a)(1), by striking out “subsection (b)(2)” and inserting in lieu thereof “subsections (b)(3) and (b)(4)”; and

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

“(4) A student who—

“(A) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution, and

“(B) is enrolled or accepted for enrollment in a program at an eligible institution necessary for a professional credential or certification from a State that is required for employment as a teacher in an elementary or secondary school in that State, shall be, notwithstanding paragraph (1) of subsection (a), eligible to apply for loans under part B of this title.”

## SEC. 7. TREATMENT OF TERRITORIAL AND FOREIGN TAX PAYMENTS FOR PURPOSES OF NEED ANALYSIS.

(a) PELL GRANT NEED ANALYSIS.—Section 411F of the Higher Education Act of 1965 (20 U.S.C. 1070a-6) is amended by adding at the end thereof the following:

“(17)(A) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as United States income taxes.

“(B) References in this subpart to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in subparagraph

(A), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.”

(b) **GENERAL NEED ANALYSIS PROVISIONS.**—Section 480 of the Higher Education Act of 1965 (20 U.S.C. 1087vv) is amended by adding at the end thereof the following:

“(i) **TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.**—

(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

“(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.”

(c) **TECHNICAL AMENDMENT.**—The Higher Education Act of 1965 is amended by striking out “Internal Revenue Code of 1954” each time it appears and inserting in lieu thereof “Internal Revenue Code of 1986”.

20 USC 1001 *et seq.*

#### SEC. 8. ROBERT T. STAFFORD STUDENT LOAN PROGRAM.

Section 421(c) of the Higher Education Act of 1965 (as amended by section 2601 of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988) is amended by striking out “may” and inserting in lieu thereof “shall” and by adding at the end thereof the following new sentence: “Loans made under this part shall be known as ‘Stafford Loans’.”

20 USC 1071.

#### SEC. 9. MICRONESIA PROVISION.

Section 105(h) of the Compact of Free Association Act of 1985 (99 Stat. 1794) is amended by adding at the end thereof the following new paragraph:

48 USC 1681 note.

“(5) **FEDERAL EDUCATION GRANTS.**—Pursuant to section 224 of the Compact or section 224 of the Compact with Palau (as contained in title II of Public Law 99-658), the Pell Grant Program, the Supplemental Educational Opportunity Grant Program, and the College Work-Study Program (as authorized by title IV of the Higher Education Act of 1965) shall be extended to students who are, or will be, citizens of the Federated States of Micronesia, or the Marshall Islands and who attend postsecondary institutions in the United States, its territories and commonwealths, the Trust Territory of the Pacific Islands, the Federated States of Micronesia, or the Marshall Islands, except that this paragraph shall not apply to any student receiving assistance pursuant to section 223 of the Compact or section 223 of the Compact with Palau (as contained in title II of Public Law 99-658).”

Territories, U.S.

#### SEC. 10. AMENDMENTS TO TITLE III.

(a) **HISTORICALLY BLACK COLLEGE ELIGIBILITY FOR PART A FUNDS.**—Section 312 of the Higher Education Act of 1965 (20 U.S.C. 1058) is amended by adding at the end thereof the following new subsection:

"(f) HISTORICALLY BLACK COLLEGE OR UNIVERSITY.—For the purposes of this section, no historically black college or university which is eligible for and receives funds under part B of this title is eligible for or may receive funds under this part."

(b) NEW PART B ACTIVITIES.—Section 323(a) of the Higher Education Act of 1965 (20 U.S.C. 1062) is amended—

(1) by inserting a comma and "and faculty development" after "exchanges" in paragraph (3); and

(2) by inserting after paragraph (6) the following new paragraphs:

"(7) Funds and administrative management, and acquisition of equipment for use in strengthening funds management.

"(8) Joint use of facilities, such as laboratories and libraries."

20 USC 1061.

(c) TITLE III ELIGIBILITY.—Section 322(2) of the Act is amended—

(1) by adding a comma after the word "accreditation"; and

Grants.

(2) by inserting the following before the period at the end of the sentence a comma and the following: "except that any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs under section 321 of this title and was formally recognized by the National Center for Education Statistics as a Historically Black College or University but was determined not to be a part B institution on or after October 17, 1986, shall, from the date of enactment of this exception, be considered a part B institution".

#### SEC. 11. INTERNSHIP DEFERMENT.

20 USC 1077,  
1078.

(a) IN GENERAL.—Sections 427(a)(2)(C)(vii) and 428(b)(1)(M)(vii) of the Act are each amended by inserting "after January 1, 1986," after "service".

20 USC 1077  
note.

(b) APPLICABILITY.—The amendments made by subsection (a) and section 10(b) of the Higher Education Technical Amendments Act of 1987 shall apply with respect to loans made, insured or guaranteed under part B of the Higher Education Act of 1965, on, before, or after the date of enactment of the Higher Education Technical Amendments Act of 1987.

#### SEC. 12. DELAY OF REGULATORY EFFECTIVE DATE.

Section 600.3 (c) and (d) of title 34 of the Code of Federal Regulations, relating to new special conditions imposed on an institution's authority to measure academic programs in clock or credit hours, shall not take effect until July 1, 1989.

20 USC 1078-1  
note.

#### SEC. 13. EFFECTIVE DATE.

(a) GENERAL RULE.—Except as otherwise provided, the amendments made by this Act to title IV of the Higher Education Act of 1965 shall be effective for any loan for which the eligibility of the

borrower is certified by the institution 30 days after the date of enactment of this Act.

(b) SPECIAL RULES.—(1) The amendments made by section 5 shall be effective with respect to loans made on or after October 1, 1988.

(2) The amendments made by sections 6, 7, 8, 9, 10, 11, and 12 shall take effect on the date of enactment of this Act.

Approved July 18, 1988.

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**LEGISLATIVE HISTORY—H.R. 4639:**

HOUSE REPORTS: No. 100-669 (Comm. on Education and Labor).

CONGRESSIONAL RECORD, Vol. 134 (1988):

June 7, 8, considered and passed House.

June 15, considered and passed Senate, amended.

June 28, House concurred in Senate amendment.