

109TH CONGRESS
1ST SESSION

H. R. 2960

To amend the Higher Education Act of 1965.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 2005

Mr. GEORGE MILLER of California (for himself, Mr. KILDEE, Ms. PELOSI, Mr. OWENS, Mr. PAYNE, Ms. WOOLSEY, Mr. HINOJOSA, Mrs. MCCARTHY, Mr. TIERNEY, Mr. WU, Mr. KUCINICH, Mr. HOLT, Ms. MCCOLLUM of Minnesota, Mrs. DAVIS of California, Mr. DAVIS of Illinois, Mr. GRIJALVA, Mr. VAN HOLLEN, Mr. RYAN of Ohio, Mr. BISHOP of New York, Mr. BARROW, Mr. HIGGINS, Mr. DOGGETT, Ms. MATSUI, Ms. BALDWIN, Mr. MICHAUD, Mrs. JONES of Ohio, Mr. STARK, Mr. CONYERS, Ms. SOLIS, Ms. BERKLEY, and Mr. STRICKLAND) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “College Opportunity for All Act”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. References.

Sec. 3. Findings.

TITLE I—BOOSTING COLLEGE OPPORTUNITIES

- Sec. 101. Pell grants.
- Sec. 102. College affordability and accountability.
 - “Sec. 132. State commitment to affordable college education.
 - “Sec. 133. Cost containment strategies.
 - “Sec. 401A. Incentives and rewards: Pell Plus.
 - “Sec. 486A. Articulation agreement demonstration program.
- Sec. 103. Elimination of loan fees to borrowers.
- Sec. 104. Authority to refinance consolidation loans.
- Sec. 105. Providing low cost loans.
- Sec. 106. Recapture of excess interest.
- Sec. 107. Termination of excessive allowances.
- Sec. 108. Public service scholarships.
 - “Sec. 428K. Loan forgiveness for public service employees.
- Sec. 109. Significantly simplifying the student aid application process.
- Sec. 110. Authorizations of appropriations for campus-based aid.
 - “Sec. 404H. Authorization of appropriations.
- Sec. 111. Special programs for students whose families are engaged in migrant and seasonal farm work.
- Sec. 112. Initiative to enhance college graduation rates and to accelerate time to degree.

“SUBPART 8—INITIATIVE TO ENHANCE COLLEGE GRADUATION RATES AND TO
ACCELERATE TIME TO DEGREE

- “Sec. 419P. Program authorized.
- Sec. 113. Consolidation loan lender of choice.
- Sec. 114. Establishing additional safeguards on schools acting as lenders under the Federal Family Education Loan Program.
- Sec. 115. Boosting opportunities for low-income parents to pursue college degrees.
- Sec. 116. Support for community service in college work-study program.
- Sec. 117. B.J. Stupak Olympic Scholarships.
- Sec. 118. Reduction of guaranty agency payments.

TITLE II—TEACHER QUALITY

- Sec. 201. Teacher Recruiting and Preparation.

“PART C—TEACH GRANTS

- “Sec. 231. Purposes.
- “Sec. 232. Program established.
- “Sec. 233. Eligibility and applications for Grants.

“PART D—RECRUITING TEACHERS WITH MATH, SCIENCE, OR LANGUAGE
MAJORS

- “Sec. 241. Program authorized.
- “Sec. 242. Authorization of appropriations.
- Sec. 202. Teacher Quality Enhancement Grants.
 - “Sec. 206. Accountability and evaluation.
 - “Sec. 207. Accountability for programs that prepare teachers.
 - “Sec. 208. State functions.
 - “Sec. 209. General provisions.

TITLE III—ENHANCING COLLEGE OUTREACH

Sec. 301. Federal TRIO Program.
 Sec. 302. GEARUP.
 Sec. 303. Leveraging Educational Assistance Partnership.

TITLE IV—OPPORTUNITIES AT HISPANIC-SERVING COLLEGES AND UNIVERSITIES

Sec. 401. Postbaccalaureate opportunities for Hispanic Americans.

“PART B—PROMOTING POSTBACCALAUREATE OPPORTUNITIES FOR HISPANIC AMERICANS

“Sec. 511. Findings and purposes.
 “Sec. 512. Program authority and eligibility.
 “Sec. 513. Authorized activities.
 “Sec. 514. Application and duration.
 Sec. 402. Authorization of appropriations for Hispanic Serving Institutions.

TITLE V—HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Sec. 501. Centers of excellence.

“PART E—CENTERS OF EXCELLENCE

“Sec. 251. Purposes; definitions.
 “Sec. 252. Centers of excellence.
 “Sec. 253. Authorization of appropriations.
 Sec. 502. Authorization of appropriations.

1 **SEC. 2. REFERENCES.**

2 Except as otherwise expressly provided, whenever in
 3 this Act an amendment or repeal is expressed in terms
 4 of an amendment to, or repeal of, a section or other provi-
 5 sion, the reference shall be considered to be made to a
 6 section or other provision of the Higher Education Act of
 7 1965 (20 U.S.C. 1001 et seq.).

8 **SEC. 3. FINDINGS.**

9 The Congress finds the following:

10 (1) A college education is more important than
 11 ever, and the Federal Government should signifi-
 12 cantly increase its investment to make college more
 13 affordable and accessible to all students because—

1 (A) recent shifts in the economy have in-
2 creased the demand for college-educated work-
3 ers and increased the wage gap between college-
4 educated workers and those without a degree;

5 (B) jobs requiring some postsecondary
6 education are expected to account for about 42
7 percent of total job growth from 2000 through
8 2010; and

9 (C) closing the college participation gap
10 between White and minority students would re-
11 sult in \$85 billion in increased tax revenue.

12 (2) Increased access to college and better reten-
13 tion rates are necessary because—

14 (A) seven times as many students from
15 high-income families graduate from college by
16 age 24 as students from low-income families;

17 (B) forty percent of all white students ages
18 18 through 24 are enrolled in institutions of
19 higher education, whereas only 30 percent of all
20 African-Americans and only 16 percent of all
21 Hispanics are enrolled in institutions of higher
22 education;

23 (C) nearly 4 out of every 10 Hispanics en-
24 rolled full time in 4-year colleges drop out with-
25 in 3 years of their initial enrollment;

1 (D) African-Americans are half as likely as
2 white students to complete a Bachelor's degree
3 in 4 years; and

4 (E) low-income students are half as likely
5 as upper-income students to complete a Bach-
6 elor's degree in 4 years.

7 (3) High loan debt and long work hours threat-
8 en college access:

9 (A) Seventy percent of such Federal stu-
10 dent aid was in the form of loans and less than
11 20 percent was in the form of grants—while in
12 1975 grants accounted for 75 percent of Fed-
13 eral student aid funding.

14 (B) The maximum Pell grant scholarship
15 is worth nearly \$800 less, in real terms, than
16 the maximum award in 1975–1976.

17 (C) The typical student now graduates
18 with \$19,000 in debt.

19 (D) Forty-six percent of all students who
20 work in addition to being full-time students re-
21 port 25 hours or more a week of employment.

22 (E) Half of those employed more than 25
23 hours a week report that working hurts their
24 grades and retention in college, and students
25 who work more than 35 hours a week are con-

1 siderably less likely to complete a year of col-
2 lege than those who work less than 15 hours a
3 week.

4 (F) Low-income, college-qualified high
5 school graduates have an annual “unmet need”
6 of \$3,800 in college expenses, expenses not cov-
7 ered by grants, loans, work, or family savings.

8 (4) There is a severe shortage of qualified
9 teachers, especially in high-need fields and low-in-
10 come areas because—

11 (A) approximately one-third of America’s
12 teachers leave teaching sometime during their
13 first 3 years of teaching and almost half leave
14 during the first 5 years;

15 (B) overall turnover rate for teachers in
16 high-poverty areas is almost 33 percent higher
17 than it is for teachers in all schools; and

18 (C) in low-poverty secondary schools, ap-
19 proximately one-third of students are taught by
20 a teacher who lacks either a college degree in
21 the subject area in which the teacher teaches or
22 certification in such subject area, while in high-
23 poverty secondary schools, approximately one-
24 half of students are taught by such a teacher.

TITLE I—BOOSTING COLLEGE OPPORTUNITIES

SEC. 101. PELL GRANTS.

(a) MAXIMUM GRANTS.—Section 401(b)(2)(A) (20 U.S.C. 1070a(b)(2)(A)) is amended by striking clauses (i) through (v) and inserting the following:

- “(i) \$7,600 for academic year 2006–2007;
- “(ii) \$8,600 for academic year 2007–2008;
- “(iii) \$9,600 for academic year 2008–2009;
- “(iv) \$10,600 for academic year 2009–2010;
- and
- “(v) \$11,600 for academic year 2010–2011.”.

(b) YEAR-ROUND PELL GRANTS.—Section 401 is further amended by adding at the end the following new subsection:

“(k) YEAR-ROUND PELL GRANTS.—

“(1) PILOT PROGRAM ESTABLISHED.—The Secretary shall establish in accordance with this subsection a year-round Pell grant pilot program. Any institution of higher education that desires to participate in the program under this subsection shall submit an application to the Secretary at such time and containing or accompanied by such information and assurances as the Secretary may require. The

1 Secretary may select not more than 500 institutions
2 of higher education for participation in the program.

3 “(2) PROGRAM ELEMENTS.—With respect to
4 students who are eligible for a Pell grant under this
5 section and who are enrolled in institutions partici-
6 pating in the program under this subsection, the
7 Secretary is authorized—

8 “(A) to award such students two Pell
9 grants in one calendar year to permit such stu-
10 dents to accelerate progress towards their de-
11 gree or certificate objectives by enrolling in aca-
12 demic programs for 12 rather than 9 months of
13 the year at participating institutions; and

14 “(B) to award such two Pell grants to
15 such students in a total amount up to 133 per-
16 cent of the maximum Pell under subsection
17 (b)(2)(A) that is applicable for the academic
18 year.

19 “(3) LIMITATION.—The Secretary shall limit
20 the awarding of additional Pell grants under this
21 subsection in a single calendar year to students who
22 attend bachelor’s or associate’s degree-granting in-
23 stitutions with the following characteristics:

24 “(A) in the case of a bachelor’s degree-
25 granting institution, the graduation rate for the

1 institution of higher education reported by the
2 Integrated Postsecondary Education Data Sys-
3 tem for the preceding five academic years is at
4 least 50 percent;

5 “(B) in the case of an associate’s degree-
6 granting institution, the completion rate for the
7 institution of higher education reported by the
8 Integrated Postsecondary Education Data Sys-
9 tem for the preceding three academic years has
10 improved by a total of at least five percent; and

11 “(C) the average time of enrollment re-
12 quired to complete a degree at the institution—

13 “(i) among students who enter as
14 freshman and earn bachelor’s degrees is 14
15 or fewer quarters, or 9 or fewer semesters
16 or the equivalent; or

17 “(ii) among students who enter as
18 full-time freshmen and earn associate’s de-
19 grees is 8 or fewer quarters, or 7 or fewer
20 semesters equivalent.

21 “(4) TERMINATION; EVALUATION.—The author-
22 ity of the Secretary under this subsection shall cease
23 to be effective on October 1, 2011. Not later than
24 October 1, 2010, the Secretary shall conduct an
25 evaluation of the program under this subsection and

1 submit to the Congress a report on the results of
2 such evaluation.”.

3 (c) ELIMINATION OF TUITION SENSITIVITY PROVI-
4 SION.—Section 401(b) is further amended—

5 (1) by striking paragraph (3); and

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

8 **SEC. 102. COLLEGE AFFORDABILITY AND ACCOUNT-**
9 **ABILITY.**

10 (a) STATE COMMITMENT TO AFFORDABLE COLLEGE
11 EDUCATION.—Title I is amended by inserting after sec-
12 tion 131 (20 U.S.C. 1015) the following new section:

13 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**
14 **EDUCATION.**

15 “(a) MAINTENANCE OF EFFORT REQUIRED.—No
16 State shall reduce the total amount provided by the State
17 for public institutions of higher education in such State
18 for any academic year beginning on or after July 1, 2005,
19 to an amount which is less than the average amount pro-
20 vided by such State to such institutions of higher edu-
21 cation during the academic years between July 1, 1998,
22 and July 1, 2003.

23 “(b) WITHHOLDING OF ALL EDUCATION ADMINIS-
24 TRATIVE FUNDS FOR VIOLATIONS.—Notwithstanding any
25 other provision of law, the Secretary of Education shall

1 withhold from any State that violates subsection (a) any
 2 amount that would otherwise be available to the State for
 3 administrative expenses and costs under any Federal edu-
 4 cation program until such State has corrected such viola-
 5 tion.”.

6 (b) COST CONTAINMENT STRATEGIES.—Title I is
 7 further amended by inserting after section 132 (as added
 8 by section 4) the following new section:

9 **“SEC. 133. COST CONTAINMENT STRATEGIES.**

10 “(a) REQUIREMENTS.—Each institution of higher
 11 education shall in accordance with the requirements of this
 12 section engage in, and report upon, cost containment
 13 strategies. Such strategies may include (but are not lim-
 14 ited to) the following activities:

- 15 “(1) bulk purchasing;
- 16 “(2) joint faculty appointments;
- 17 “(3) streamlining administration;
- 18 “(4) energy conservation and savings;
- 19 “(5) technological innovations; and
- 20 “(6) joint degree offerings.

21 “(b) FIVE-YEAR PLANS.—Within 2 years after the
 22 enactment of the Act, each institution of higher education
 23 shall submit a 5-year plan on their cost containment strat-
 24 egies and any progress made to date to the Secretary of
 25 Education.

1 “(c) RESEARCH INTO COST CONTAINMENT METH-
2 ODS.—

3 “(1) RESEARCH AUTHORIZED.—From the
4 funds appropriated under paragraph (2), the Sec-
5 retary is authorized—

6 “(A) to conduct or provide for the conduct
7 of research to identify methods of cost contain-
8 ment currently utilized by institutions of higher
9 education and systems of such institutions, and
10 research into other possible methods of cost
11 containment;

12 “(B) to disseminate—

13 “(i) the information obtained by such
14 research to such institutions and systems;
15 and

16 “(ii) other research that has identified
17 successful methods of cost containment;

18 “(C) to publicly recognize institutions of
19 higher education that are doing an effective job
20 at cost containment; and

21 “(D) to work together with such institu-
22 tions and systems to implement these methods.

23 “(2) AUTHORIZATION OF APPROPRIATIONS.—

24 There are authorized to be appropriated to carry out
25 this subsection \$1,000,000 for fiscal year 2006 and

1 such sums as may be necessary for each of the 5
2 succeeding fiscal years.

3 “(d) CONSUMER INFORMATION.—

4 “(1) ANNUAL REPORT REQUIRED.—

5 “(A) CONTENTS OF REPORT.—The Sec-
6 retary shall annually prepare and publish a re-
7 port on college affordability in America. The
8 college affordability report shall provide, at a
9 minimum, comprehensive information on—

10 “(i) the sticker price, total price of at-
11 tendance, net tuition price, and net access
12 price for every institution of higher edu-
13 cation that participates in the Federal stu-
14 dent aid programs under title IV of this
15 Act;

16 “(ii) the percentage change in the list-
17 ed sticker price, total price of attendance,
18 net tuition price, and net access price over
19 a 3-, 5-, and 10-year time period for each
20 such institution; and

21 “(iii) the level of Federal and State
22 support for higher education per capita
23 and per pupil.

24 “(B) ADVISORY GROUP.—To ensure that
25 the annual college affordability in America re-

1 port provides consumer-friendly information,
2 the Secretary shall convene an advisory group
3 of students, parents, and college officials to
4 help determine the information that shall be in-
5 cluded in the report.

6 “(2) DATA DISSEMINATION.—The Secretary
7 shall make publicly available the data collected pur-
8 suant to this section, including an institution’s net
9 price tuition index as calculated in accordance with
10 subsection (e). Such data shall be made available in
11 a manner that permits the review and comparison of
12 data submissions of individual institutions of higher
13 education. Such data shall be presented in a form
14 that is easily accessible and understandable and al-
15 lows parents and students to make informed deci-
16 sions based on the average prices for full-time un-
17 dergraduate students and the institution’s rate of in-
18 crease in the sticker price, total price of attendance,
19 net tuition price, and net access price.

20 “(3) WEBSITE ENHANCEMENT.—

21 “(A) WEBSITE INFORMATION.—In order to
22 further enhance public knowledge and under-
23 standing of college affordability, the Secretary
24 shall modify the college opportunities on line
25 (COOL) web site. The goal of such changes

1 shall be to make the website the single best
2 source of information about applying to and
3 paying for a postsecondary education. Such
4 changes shall make the website more user
5 friendly and facilitate the comparison of mul-
6 tiple institutions at the same time. Such website
7 shall provide detailed tuition and student aid
8 data for each institution (including data from
9 the annual college affordability in America re-
10 port). As part of improving the website, the
11 Secretary shall establish an advisory board of
12 students and parents to guide the redesign. The
13 college price calculator required by paragraph
14 (4) shall be included on the COOL website.

15 “(B) AVAILABILITY IN OTHER FORM.—In
16 addition, the Secretary shall publish all of the
17 institutional information found on the COOL
18 website, minus the college price calculator, and
19 instruct all local educational agencies to notify
20 all their secondary schools of the publication of
21 the COOL web site, both on-line and in-print,
22 and of the steps necessary to procure such in-
23 formation both on-line and in-print.

24 “(4) COLLEGE PRICE CALCULATOR.—

1 “(A) ESTABLISHMENT.—The Secretary
2 shall establish a system for reporting to pro-
3 spective students and families on the net tuition
4 price of institutions of higher education. Using
5 the most recent data available, the Secretary
6 shall make available the amount of aid typically
7 granted for students based on family income
8 and college attended. Such information shall be
9 made available in the form of a web site price
10 calculator that permits students to be able to
11 enter an institution of higher education and
12 their family income and be presented the sticker
13 price, net tuition price, and net access price for
14 students in their income bracket in order to de-
15 termine the approximate cost of attending such
16 a school. The calculator shall include a clear
17 disclaimer that financial aid decisions are made
18 on a case-by-case basis and that the included
19 calculations are based on previous years’ data
20 and can therefore serve only as general guide-
21 lines for the financial aid that a student may
22 expect to receive.

23 “(B) INFORMATION DISTRIBUTION BY IN-
24 STITUTIONS.—Each institution of higher edu-
25 cation shall make available its sticker price,

1 total price of attendance, net tuition price, and
2 net access price and list examples of what fami-
3 lies in each of the quartile income brackets
4 might be expected to pay in the net tuition
5 price for the most recent academic year. This
6 information shall be provided in written form
7 and distributed to all students and applicants
8 and made widely available to the public.

9 “(e) NET TUITION PRICE INDEX.—

10 “(1) IN GENERAL.—The Secretary shall, on the
11 basis of the data submitted under subsection (a),
12 calculate a net tuition price index for each institu-
13 tion of higher education submitting such data and
14 shall make the index available in accordance with
15 subsection (b) as soon as operationally possible on
16 the Department’s college opportunity on line
17 (COOL) website.

18 “(2) CALCULATION OF INDEX.—The net tuition
19 price index shall be equal to the percentage increase
20 in the net tuition price charged for a first-time, full-
21 time, full-year undergraduate student between a pre-
22 ceding academic year and the most recent academic
23 year for which satisfactory data are available.

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

1 “(1) NET ACCESS PRICE.—The term ‘net access
2 price’ means the average total price of attendance
3 for full-time undergraduate students, minus the av-
4 erage grants, loans, and work-study provided to such
5 students, for any academic year.

6 “(2) NET TUITION PRICE.—The term ‘net tui-
7 tion price’ means the average tuition and fees
8 charged to full-time undergraduate students, minus
9 the average grants provided to such students, for
10 any academic year.

11 “(3) STICKER PRICE.—The term ‘sticker price’
12 means the average tuition and fees charged to full-
13 time undergraduate students by an institution of
14 higher education for any academic year.

15 “(4) TOTAL PRICE OF ATTENDANCE.—The
16 term ‘total price of attendance’ means the average
17 tuition and fees charged to full-time undergraduate
18 students, as well as the average of the other ex-
19 penses of such students related to obtaining a higher
20 education, including housing (room and board if the
21 student lives on campus, or rent or related housing
22 costs if the student does not live on campus), books,
23 transportation, for any academic year.

24 “(5) TUITION.—The term ‘tuition’ means the
25 average price of or payment for actual instruction of

1 full-time undergraduate students at an institution of
2 higher education, for any academic year.”.

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

6 **“SEC. 401A. INCENTIVES AND REWARDS: PELL PLUS.**

7 “(a) REWARDS FOR LOW TUITION.—For any institu-
8 tion of higher education that, for academic year 2005–
9 2006 or any succeeding academic year, such institution’s
10 annual net tuition price increase (expressed as a percent-
11 age) for the most recent academic year for which satisfac-
12 tory data is available is equal to or less than the percent-
13 age change in the higher education price index for such
14 academic year, the Secretary shall, notwithstanding any
15 other provision of the law, provide such institution an
16 amount sufficient to provide a 25 percent increase under
17 subpart 1 of part A of title IV to each Pell Grant recipient
18 attending such institution for the next award year begin-
19 ning after the date of such determination. Each such insti-
20 tution shall distribute any amounts received under this
21 subsection among such Pell Grant recipients by increasing
22 the amount of their Pell Grant awards by 25 percent.

23 “(b) REWARDS FOR GUARANTEED TUITION.—

24 “(1) BONUS.—For each institution of higher
25 education that the Secretary of Education deter-

1 mines complies with the requirements of paragraph
2 (2) or paragraph (3) of this subsection, the Sec-
3 retary shall, notwithstanding any other provision of
4 the law, provide such institution an amount suffi-
5 cient to provide a 10 percent increase under subpart
6 1 of part A of title IV to each Pell Grant recipient
7 attending such institution for the next award year
8 beginning after the date of such determination. Each
9 such institution shall distribute any amounts re-
10 ceived under this subsection among such Pell Grant
11 recipients by increasing the amount of their Pell
12 Grant awards by 10 percent.

13 “(2) 4-YEAR INSTITUTIONS.—An institution of
14 higher education that provides a program of instruc-
15 tion for which it awards a bachelor’s degree complies
16 with the requirements of this paragraph if such in-
17 stitution guarantees that for any academic year be-
18 ginning on or after July 1, 2005, and for each of the
19 5 succeeding continuous academic years, the net tui-
20 tion price charged to an undergraduate student will
21 not exceed—

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

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

7 “(3) LESS THAN 4-YEAR INSTITUTIONS.—An
8 institution of higher education that does not provide
9 a program of instruction for which it awards a bach-
10 elor’s degree complies with the requirements of this
11 paragraph if such institution guarantees that for
12 any academic year (or the equivalent) beginning on
13 or after July 1, 2005, and for each of the 1.5 suc-
14 ceeding continuous academic years, the net tuition
15 price charged to an undergraduate student will not
16 exceed—

17 “(A) the amount that the student was
18 charged for an academic year at the time he or
19 she first enrolled in the institution of higher
20 education, plus

21 “(B) the product of the percentage in-
22 crease in the higher education price index for
23 the prior academic year, or the most recent
24 prior academic year for which data is available,

1 multiplied by the amount determined under
2 subparagraph (A).

3 “(c) MAINTAINING AFFORDABLE TUITION.—For any
4 institution of higher education whose increase in the an-
5 nual net tuition price (expressed as a percentage), for the
6 most recent academic year for which satisfactory data is
7 available, is greater than the percentage increase in the
8 higher education price index for such academic year, the
9 Secretary shall require such institution to submit to the
10 Secretary the following information, within 6 months of
11 such determination:

12 “(1) a detailed report on the exact causes for
13 the net tuition price increase that outlines revenues
14 and expenditures; and

15 “(2) cost containment strategies to lower net
16 tuition prices.

17 “(d) DEFINITIONS.—

18 “(1) NET TUITION PRICE.—The term ‘net tui-
19 tion price’ has the same meaning as provided in sec-
20 tion 133(f).

21 “(2) HIGHER EDUCATION PRICE INDEX.—The
22 term ‘higher education price index’ means a statis-
23 tical measure of change over time in the prices of a
24 fixed market basket of goods and services purchased
25 by colleges and universities through current fund

1 educational and general expenditures (excluding ex-
 2 penditures for research), as developed by the Bureau
 3 of Labor Statistics pursuant to section 131(c)(4).”.

4 (d) ARTICULATION AGREEMENT DEMONSTRATION
 5 PROGRAM.—Part G of title IV is amended by inserting
 6 after section 486 (20 U.S.C. 1093) the following new sec-
 7 tion:

8 **“SEC. 486A. ARTICULATION AGREEMENT DEMONSTRATION**
 9 **PROGRAM.**

10 “(a) PURPOSE; DEFINITION.—

11 “(1) PURPOSE.—It is the purpose of this sec-
 12 tion to allow demonstration programs that are mon-
 13 itored by the Department of Education to encourage
 14 institutions of higher education to enter into articu-
 15 lation agreements or consortia groups, as a means to
 16 lower tuition prices to students.

17 “(2) DEFINITION.—For the purposes of this
 18 section, the term ‘articulation agreement’ means an
 19 agreement between institutions of higher education
 20 that specifies the acceptability of courses in transfer
 21 toward meeting specific degree requirements.

22 “(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

23 “(1) IN GENERAL.—The Secretary is authorized
 24 to select institutions of higher education, systems of
 25 such institutions, or consortia of such institutions

1 for voluntary participation in an articulation agree-
2 ment demonstration program.

3 “(2) ELIGIBLE APPLICANTS.—

4 “(A) ELIGIBLE INSTITUTIONS.—Except as
5 provided in subparagraphs (B), (C), and (D),
6 only an institution of higher education that is
7 eligible to participate in programs under this
8 title shall be eligible to participate in the articu-
9 lation program authorized under this section.

10 “(B) PROHIBITION.—An institution of
11 higher education described in section
12 102(a)(1)(C) shall not be eligible to participate
13 in the articulation program authorized under
14 this section.

15 “(C) SPECIAL RULE.—Subject to subpara-
16 graph (B), an institution of higher education
17 that meets the requirements of subsection (a) of
18 section 102, other than the requirement of
19 paragraph (3)(A) or (3)(B) of such subsection,
20 and that provides a 2-year or 4-year program of
21 instruction for which the institution awards an
22 associate or baccalaureate degree, shall be eligi-
23 ble to participate in the demonstration program
24 authorized under this section.

25 “(c) APPLICATION.—

1 “(1) IN GENERAL.—Each institution, system,
2 or consortium of institutions desiring to participate
3 in a demonstration program under this section shall
4 submit an application to the Secretary at such time
5 and in such manner as the Secretary may require.

6 “(2) CONTENTS.—Each application shall in-
7 clude—

8 “(A) a description of the institution, sys-
9 tem, or consortium’s consultation with a recog-
10 nized accrediting agency or association with re-
11 spect to quality assurances for the articulation
12 programs to be offered;

13 “(B) a description of the articulation pro-
14 gram to be offered;

15 “(C) a description of the students to whom
16 the articulation programs will be offered;

17 “(D) an assurance that the institution,
18 system, or consortium will offer full cooperation
19 with the ongoing evaluations of the demonstra-
20 tion program provided for in this section; and

21 “(E) such other information as the Sec-
22 retary may require.

23 “(d) SELECTION.—

24 “(1) IN GENERAL.—For the first year of the
25 demonstration program authorized under this sec-

1 tion, the Secretary is authorized to select for partici-
2 pation in the program not more than 100 institu-
3 tions, systems of institutions, or consortia of institu-
4 tions. For the third year of the demonstration pro-
5 gram authorized under this section, the Secretary
6 may select not more than 250 institutions, systems,
7 or consortia, in addition to the institutions, systems,
8 or consortia selected pursuant to the preceding sen-
9 tence, to participate in the demonstration program if
10 the Secretary determines that such expansion is war-
11 ranted based on the evaluations conducted in accord-
12 ance with subsections (f) and (g).

13 “(2) CONSIDERATIONS.—In selecting institu-
14 tions to participate in the articulation program in
15 the first or succeeding years of the program, the
16 Secretary shall take into account—

17 “(A) the number and quality of applica-
18 tions received;

19 “(B) the Department’s capacity to oversee
20 and monitor each institution’s participation;

21 “(C) an applicant’s—

22 “(i) financial responsibility;

23 “(ii) administrative capability; and

1 “(D) the need to ensure the participation
2 of a diverse group of institutions with respect to
3 size, mission, and geographic distribution.

4 “(3) PRIORITY.—In selecting institutions to
5 participate in the articulation program in the first or
6 succeeding years of the program, the Secretary shall
7 give priority to applicants that involve a large num-
8 ber of schools; public and private agreements; inno-
9 vative technology to help reduce costs; and, multi-
10 state projects.

11 “(4) NOTIFICATION.—The Secretary shall make
12 available to the public and to the Committee on
13 Health, Education, Labor, and Pensions of the Sen-
14 ate and the Committee on Education and the Work-
15 force of the House of Representatives a list of insti-
16 tutions, systems or consortia selected to participate
17 in the articulation program authorized by this sec-
18 tion.

19 “(e) EVALUATIONS AND REPORTS.—

20 “(1) EVALUATION.—The Secretary shall evalu-
21 ate the demonstration programs authorized under
22 this section on an annual basis. Such evaluations
23 specifically shall review—

1 “(A) the extent to which the institution,
2 system or consortium has met the goals set
3 forth in its application to the Secretary;

4 “(B) the number and types of institutions
5 participating in the programs offered;

6 “(C) the cost containment strategies pur-
7 sued and the success of such strategies; and

8 “(D) the effective use of technologies to
9 keep college prices low, while maintaining qual-
10 ity.

11 “(2) REPORTS.—

12 “(A) IN GENERAL.—Within 18 months of
13 the initiation of the demonstration program, the
14 Secretary shall report to the Committee on
15 Health, Education, Labor, and Pensions of the
16 Senate and the Committee on Education and
17 the Workforce of the House of Representatives
18 with respect to the evaluations of the dem-
19 onstration programs authorized under this sec-
20 tion.

21 “(B) ADDITIONAL REPORTS.—The Sec-
22 retary shall provide additional reports to the
23 Committee on Health, Education, Labor, and
24 Pensions of the Senate and the Committee on

1 Education and the Workforce of the House of
2 Representatives on an annual basis regarding—

3 “(i) the demonstration programs au-
4 thorized under this section; and

5 “(ii) best practices to contain college
6 costs.”.

7 (e) ADVISORY COMMITTEE ON STUDENT FINANCIAL
8 ASSISTANCE.—Section 491(j) (20 U.S.C. 1098(j)) is
9 amended

10 (1) by striking “and” at the end of paragraph
11 (4);

12 (2) by striking the period at the end of para-
13 graph (5) and inserting “; and”; and

14 (3) by adding at the end the following new
15 paragraph:

16 “(6) convene a task force of experts, to be rep-
17 resentative of the key constituents in higher edu-
18 cation—

19 “(A) to determine the best methods to fi-
20 nance higher education in the long-term;

21 “(B) to help public institutions utilize
22 long-term budgeting to plan for the future;

23 “(C) to review the trends of financing of
24 higher education;

1 “(D) to define the role played by the
 2 States, the Federal Government, families, and
 3 outside entities in financing higher education,
 4 and determine the best methods to strengthen
 5 this partnership.”.

6 **SEC. 103. ELIMINATION OF LOAN FEES TO BORROWERS.**

7 (a) **FEDERAL FAMILY EDUCATION LOAN PRO-**
 8 **GRAM.**—Section 438(c) of the Higher Education Act of
 9 1965 (20 U.S.C. 1087–1(c)) is amended by adding at the
 10 end the following new paragraph:

11 “(9) **ORIGINATION FEES TERMINATED.**—Not-
 12 withstanding any other provision of this subsection,
 13 with respect to any loan made, insured, or guaran-
 14 teed under this part on or after the first July 1 after
 15 the date of enactment of the College Opportunity for
 16 All Act—

17 “(A) no eligible lender may collect directly
 18 or indirectly from any borrower any origination
 19 fee with respect to such loan, or any other fee
 20 relating to the origination of a loan however de-
 21 scribed; and

22 “(B) the Secretary shall not collect any
 23 origination fee from the lender under this sub-
 24 section.”.

25 (b) **FEDERAL DIRECT LOAN PROGRAM.**—

1 (1) AMENDMENT.—Section 455(c) of such Act
2 (20 U.S.C. 1087e(c)) is amended to read as follows:

3 “(c) LOAN FEE.—The Secretary shall not collect di-
4 rectly or indirectly from any borrower any origination fee
5 with respect to such loan, or any other fee relating to the
6 origination of a loan however described.”.

7 (2) EFFECTIVE DATE.—The amendment made
8 by paragraph (1) shall apply with respect to any
9 loan made under part D of title IV on an after the
10 first July 1 after the date of enactment of this Act.

11 **SEC. 104. AUTHORITY TO REFINANCE CONSOLIDATION**
12 **LOANS.**

13 (a) CONSOLIDATION LOAN REFINANCING.—

14 (1) FFEL CONSOLIDATION LOANS.—Section
15 428C(a)(3)(B) of the Higher Education Act of 1965
16 (20 U.S.C. 1078–3(a)(3)(B)) is amended by adding
17 at the end the following new clause:

18 “(ii) Notwithstanding clause (i) of this subpara-
19 graph, a borrower of a consolidation loan on which
20 the interest is established at a fixed rate under sec-
21 tion 427A, 428C(e), or 455 may obtain a subsequent
22 consolidation loan for the purposes of refinancing
23 such earlier consolidation loan at a fixed or variable
24 rate under section 427A(l)(3) or 455(b)(7)(C) if the
25 interest rate on such earlier consolidation loan ex-

ceeds the sum of 3.3 percent and the average of the
bond equivalent rates of the 91-day Treasury bills
auctioned for the previous calendar quarter.”.

(2) PARALLEL TERMS FOR FEDERAL DIRECT
CONSOLIDATION LOANS.—Section 455(a) of the
Higher Education Act of 1965 (20 U.S.C. 1087e(a))
is amended—

(A) in paragraph (1), by inserting “428C,”
after “428B,”; and

(B) in paragraph (2)—

(i) by striking “and” at the end of
subparagraph (B);

(ii) by redesignating subparagraph
(C) as subparagraph (D); and

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

“(C) section 428C shall be know as ‘Fed-
eral Direct Consolidation Loans’.”.

(b) CONSOLIDATION LOAN INTEREST RATES.—

(1) FFEL LOANS.—Paragraph (3) of section
427A(l) (20 U.S.C. 1077a(l)) is amended to read as
follows:

“(3) CONSOLIDATION LOANS.—

“(A) BORROWER ELECTION.—With respect
to any consolidation loan under section 428C

1 for which the application is received by an eligi-
2 ble lender on or after July 1, 2006 (including
3 an application for a subsequent consolidation
4 loan under section 428C(a)(3)(B)(ii)), the ap-
5 plicable rate of interest shall, at the election of
6 the borrower at the time of application for the
7 loan, be either at the rate determined under
8 subparagraph (B) or the rate determined under
9 subparagraph (C).

10 “(B) VARIABLE RATE.—Except as pro-
11 vided in subparagraph (D), the rate determined
12 under this subparagraph shall, during any 12-
13 month period beginning on July 1 and ending
14 on June 30, be determined on the preceding
15 June 1 and be equal, for such 12-month period,
16 to—

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

20 “(ii) 2.3 percent,
21 except that such rate shall not exceed 6.8 per-
22 cent.

23 “(C) FIXED RATE.—Except as provided in
24 subparagraph (D), the rate determined under
25 this subparagraph shall be determined on the

1 date on which the obligation to repay the loan
 2 is signed, and be equal, for the duration of the
 3 term of the loan, to the lesser of—

4 “(i) the weighted average of the inter-
 5 est rates on the loans consolidated, round-
 6 ed to the nearest higher one-eighth of 1
 7 percent; or

8 “(ii) 6.8 percent.

9 “(D) CONSOLIDATION OF PLUS LOANS.—

10 In the case of any such consolidation loan that
 11 is used to repay loans each of which was made
 12 under section 428B or was a Federal Direct
 13 PLUS Loan (or both), the rates determined
 14 under subparagraphs (B) and (C) shall be de-
 15 termined—

16 “(i) by substituting ‘3.1 percent’ for
 17 ‘2.3 percent’; and

18 “(ii) by substituting ‘7.9 percent’ for
 19 ‘6.8 percent’.”.

20 (2) DIRECT LOANS.—Subparagraph (C) of sec-
 21 tion 455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended
 22 to read as follows:

23 “(C) CONSOLIDATION LOANS.—

24 “(i) BORROWER ELECTION.—With re-
 25 spect to any consolidation loan under sec-

tion 428C for which the application is received by an eligible lender on or after July 1, 2006 (including an application for a subsequent consolidation loan under section 428C(a)(3)(B)(ii)), 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 subparagraph 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, for such 12-month period, 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 6.8 percent.

1 “(iii) FIXED RATE.—Except as pro-
 2 vided in clause (iv), the rate determined
 3 under this subparagraph shall be deter-
 4 mined on the date on which the obligation
 5 to repay the loan is signed, and be equal,
 6 for the duration of the term of the loan, to
 7 the lesser of—

8 “(I) the weighted average of the
 9 interest rates on the loans consoli-
 10 dated, rounded to the nearest higher
 11 one-eighth of 1 percent; or

12 “(II) 6.8 percent.

13 “(iv) CONSOLIDATION OF PLUS
 14 LOANS.—In the case of any such Federal
 15 Direct Consolidation Loan that is used to
 16 repay loans each of which was made under
 17 section 428B or was a Federal Direct
 18 PLUS Loan, the rates determined under
 19 clauses (ii) and (iii) shall be determined—

20 “(I) by substituting ‘3.1 percent’
 21 for ‘2.3 percent’ in clause (ii)(II); and

22 “(II) by substituting ‘7.9 per-
 23 cent’ for ‘6.8 percent’ each place it
 24 appears.”.

1 **SEC. 105. PROVIDING LOW COST LOANS.**

2 (a) FFEL INTEREST RATES.—Section 427A(*l*) (20
3 U.S.C. 1077a(*l*)) is further amended—

4 (1) by redesignating paragraph (3) (as amend-
5 ed by section 104(b)(1)) as paragraph (4); and

6 (2) by striking paragraphs (1) and (2) and in-
7 serting the following:

8 “(1) IN GENERAL.—Notwithstanding subsection
9 (h), but subject to paragraph (2) of this subsection,
10 with respect to any loan made, insured, or guaran-
11 teed under this part (other than a loan made pursu-
12 ant to section 428B or 428C) for which the first dis-
13 bursement is made on or after July 1, 2006, the ap-
14 plicable rate of interest shall, during any 12-month
15 period beginning on July 1 and ending on June 30,
16 be determined on the preceding June 1 and be equal
17 to—

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

21 “(B) 2.3 percent,
22 except that such rate shall not exceed 6.8 percent.

23 “(2) IN SCHOOL AND GRACE PERIOD RULES.—
24 Notwithstanding subsection (h), with respect to any
25 loan under this part (other than a loan made pursu-
26 ant to section 428B or 428C) for which the first dis-

1 bursement is made on or after July 1, 2006, the ap-
 2 plicable rate of interest for interest which accrues—

3 “(A) prior to the beginning of the repay-
 4 ment period of the loan; or

5 “(B) during the period in which principal
 6 need not be paid (whether or not such principal
 7 is in fact paid) by reason of a provision de-
 8 scribed in section 427(a)(2)(C) or
 9 428(b)(1)(M),

10 shall be determined under paragraph (1) by sub-
 11 stituting ‘1.7 percent’ for ‘2.3 percent’.

12 “(3) PLUS LOANS.—Notwithstanding subsection
 13 (h), with respect to any loan under section 428B for
 14 which the first disbursement is made on or after
 15 July 1, 2006, the applicable rate of interest shall be
 16 determined under paragraph (1)—

17 “(A) by substituting ‘3.1 percent’ for ‘2.3
 18 percent’; and

19 “(B) by substituting ‘7.9 percent’ for ‘6.8
 20 percent’.”.

21 (b) DIRECT LOANS.—Section 455(b)(7) (20 U.S.C.
 22 1087e(b)(7)) is further amended—

23 (1) by redesignating subparagraph (C) (as
 24 amended by section 104(b)(2)) as subparagraph (D);
 25 and

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

“(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, 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 6.8 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 July 1, 2006,

1 the applicable rate of interest for interest which
2 accrues—

3 “(i) prior to the beginning of the re-
4 payment period of the loan; or

5 “(ii) during the period in which prin-
6 cipal need not be paid (whether or not
7 such principal is in fact paid) by reason of
8 a provision described in section
9 428(b)(1)(M) or 427(a)(2)(C),

10 shall be determined under subparagraph (A) by
11 substituting ‘1.7 percent’ for ‘2.3 percent’.

12 “(C) PLUS LOANS.—Notwithstanding the
13 preceding paragraphs of this subsection, with
14 respect to Federal Direct PLUS Loan for which
15 the first disbursement is made on or after Octo-
16 ber 1, 1998, and before July 1, 2006, the appli-
17 cable rate of interest shall be determined under
18 subparagraph (A)—

19 “(i) by substituting ‘3.1 percent’ for
20 ‘2.3 percent’; and

21 “(ii) by substituting ‘7.9 percent’ for
22 ‘6.8 percent’.”.

1 **SEC. 106. RECAPTURE OF EXCESS INTEREST.**

2 (a) AMENDMENT.—Subparagraph (I) of section
3 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended by insert-
4 ing after clause (vii) the following new clause:

5 “(viii) RECAPTURE OF EXCESS INTER-
6 EST.—

7 “(I) EXCESS CREDITED.—With
8 respect to a loan on which the applica-
9 ble interest rate is determined under
10 subsection (l) of section 427A and for
11 which the first disbursement of prin-
12 cipal is made on or after July 1,
13 2006, if the applicable interest rate
14 for any 3-month period exceeds the
15 special allowance rate applicable to
16 such loan under this subparagraph for
17 such period, then an adjustment shall
18 be made by calculating the excess in-
19 terest in the amount computed under
20 subclause (II) of this clause, and by
21 crediting the excess interest to the
22 Government not less often than annu-
23 ally.

24 “(II) CALCULATION OF EX-
25 CESS.—The amount of any adjust-
26 ment of interest on a loan to be made

1 under this subsection for any quarter
 2 shall be equal to—

3 “(aa) the applicable interest
 4 rate minus the special allowance
 5 rate determined under this sub-
 6 paragraph; multiplied by

7 “(bb) the average daily prin-
 8 cipal balance of the loan (not in-
 9 cluding unearned interest added
 10 to principal) during such cal-
 11 endar quarter; divided by

12 “(cc) four.”.

13 (b) EFFECTIVE DATE.—The amendments made by
 14 this section shall not apply with respect to any special al-
 15 lowance payment made under section 438 of the Higher
 16 Education Act of 1965 (20 U.S.C 1087–1) before July
 17 1, 2006.

18 **SEC. 107. TERMINATION OF EXCESSIVE ALLOWANCES.**

19 (a) AMENDMENT.—Section 438(b)(2)(B) of the
 20 Higher Education Act of 1965 (20 U.S.C. 1087–
 21 1(b)(2)(B)) is amended by striking clause (v) and insert-
 22 ing the following:

23 “(v) This subparagraph shall not
 24 apply to—

1 “(I) any loan made or purchased
2 after the date of enactment of the
3 College Opportunity for All Act;

4 “(II) any loan that had not quali-
5 fied before such date of enactment for
6 receipt of a special allowance payment
7 determined under this subparagraph;
8 or

9 “(III) any loan made or pur-
10 chased before such date of enactment
11 with funds described in the first or
12 second sentence of clause (i) if—

13 “(aa) the obligation de-
14 scribed in the first such sentence
15 has, after such date of enact-
16 ment, matured, or been retired or
17 defeased; or

18 “(bb) the maturity date or
19 the date of retirement of the obli-
20 gation described in the first such
21 sentence has, after such date of
22 enactment, been extended.”.

23 (b) CONTINUING AUDITS OF PRIOR CLAIMS.—The
24 Inspector General of the Department of Education shall
25 conduct an audit of each holder of student loans who, at

1 any time after September 30, 1993, submitted claims for
 2 special allowance payments under subparagraph (B) of
 3 section 438(b)(2) of the Higher Education Act of 1965
 4 (20 U.S.C. 1087–1(b)(2)(B)), with respect to the claims
 5 made pursuant to such subparagraph. In conducting such
 6 audit, the Inspector General shall use the methodology
 7 used in preparing the audit report on special allowance
 8 payments issued in May 2005 (ED–OIG/A05E0017).

9 **SEC. 108. PUBLIC SERVICE SCHOLARSHIPS.**

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

12 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
 13 **PLOYEES.**

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

15 “(1) to reduce the burden of student debt, par-
 16 ticularly for Americans who dedicate their careers to
 17 meeting certain urgent national needs; and

18 “(2) to attract more excellent individuals into
 19 important public service careers.

20 “(b) LOAN FORGIVENESS.—

21 “(1) IN GENERAL.—The Secretary shall assume
 22 the obligation to repay, pursuant to subsection (c),
 23 a loan made under section 428 or 428H, a Federal
 24 Direct Stafford Loan or Federal Direct Unsub-
 25 sidized Stafford Loan, a Federal Direct Consolida-

1 tion Loan, or a Federal Perkins Loan for any new
2 borrower after the date of enactment of the Higher
3 Education Amendments of 1998, who—

4 “(A) is employed full time in a qualified
5 public service position described in paragraph
6 (2); and

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

9 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—

10 For purposes of this section, an individual shall be
11 treated as employed in a qualified public service po-
12 sition if the individual is any of the following:

13 “(A) HIGHLY QUALIFIED TEACHERS IN
14 LOW-INCOME COMMUNITIES AND OF MATHE-
15 MATICS, SCIENCE, AND BILINGUAL AND SPE-
16 CIAL EDUCATION.—An individual who—

17 “(i)(I) is a public school teacher who
18 is highly qualified as such term is defined
19 in section 9101 of the Elementary and
20 Secondary Education Act of 1965; or

21 “(II) is a teacher who has obtained
22 employment in a nonprofit private elemen-
23 tary or secondary school who holds at least
24 a bachelors degree and—

1 “(aa) has demonstrated subject
2 knowledge and teaching skills in read-
3 ing, writing, mathematics, and other
4 areas of the basic elementary school
5 curriculum if such teacher is an ele-
6 mentary teacher; and

7 “(bb) has demonstrated a high
8 level of competency in each of the aca-
9 demic subjects in which the teacher
10 teaches if such teacher is a secondary
11 school teacher; and

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

1 under section 1113(a)(5) of the Elemen-
2 tary and Secondary Education Act of 1965
3 exceeds 40 percent of the total enrollment
4 of that school; or

5 “(II) has obtained employment as a
6 full-time teacher of mathematics, science,
7 or bilingual or special education.

8 “(B) EARLY CHILDHOOD EDUCATORS.—An
9 individual who—

10 “(i) has received a degree in early
11 childhood education; and

12 “(ii) has obtained employment in a
13 child care facility, such as employment as
14 a preschool teacher, in a low-income com-
15 munity.

16 “(C) NURSES.—An individual who has ob-
17 tained employment—

18 “(i) in a clinical setting; or

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

24 “(D) CHILD WELFARE WORKERS.—An in-
25 dividual who—

1 “(i) has completed a degree in social
2 work or related field with a focus on serv-
3 ing children and families (as determined in
4 accordance with regulations prescribed by
5 the Secretary); and

6 “(ii) has obtained employment in pub-
7 lic or private child welfare services.

8 “(E) NUTRITION PROFESSIONALS.—An in-
9 dividual who—

10 “(i) is a certified registered dietician
11 who has completed a degree in a relevant
12 field; and

13 “(ii) has obtained employment in a
14 local agency of the special supplemental
15 nutrition program for women, infants, and
16 children under section 17 of the Child Nu-
17 trition Act of 1966 (42 U.S.C. 1786).

18 “(F) INFANT AND TODDLER SPECIAL-
19 ISTS.—An individual who—

20 “(i) has obtained an associate’s or
21 bachelor’s degree in a discipline that would
22 qualify the individual to work in the pro-
23 gram under part C of the Individuals with
24 Disabilities Education Act in the State in
25 which such individual resides; and

1 “(ii) has obtained employment in an
2 occupation that is directly related to such
3 degree and that (I) provides services to in-
4 fants, toddlers, and their families under an
5 individualized family service plan under
6 section 636 of the Individuals with Disabil-
7 ities Education Act (20 U.S.C. 1436) or
8 an individualized education plan under sec-
9 tion 614(d) of such Act (20 U.S.C.
10 1414(d)); or (II) provides training or tech-
11 nical assistance to providers of such serv-
12 ices.

13 “(G) READING SPECIALISTS.—An indi-
14 vidual who is employed as an elementary or sec-
15 ondary school teacher who primarily teaches
16 reading and who—

17 “(i) has obtained a separate reading
18 instruction credential from the State in
19 which the teacher is employed; and

20 “(ii) who is certified by the chief ad-
21 ministrative officer of the public or non-
22 profit private elementary or secondary
23 school in which the borrower is employed
24 to teach reading—

1 “(I) as being proficient in teach-
 2 ing the essential components of read-
 3 ing instruction as defined in section
 4 1208 of the Elementary and Sec-
 5 ondary Education Act of 1965; and

6 “(II) as having such credential.

7 “(H) ADDITIONAL PUBLIC SERVANTS.—An
 8 individual who, as determined by the Secretary
 9 of Education by regulation—

10 “(i) works in a public service profes-
 11 sion that suffers from a critical lack of
 12 qualified personnel;

13 “(ii) serves a low-income or needy
 14 community; and

15 “(iii) is highly qualified.

16 “(c) LOAN REPAYMENT.—

17 “(1) IN GENERAL.—The Secretary shall assume
 18 the obligation to repay—

19 “(A) after each of the first or second years
 20 of service by an individual in a qualified public
 21 service position, 15 percent of the total amount
 22 of principal and interest of the loans described
 23 in subsection (b)(1) to such individual that are
 24 outstanding immediately preceding such first
 25 year of such service;

1 “(B) after each of the third or fourth years
2 of such service, 20 percent of such total
3 amount; and

4 “(C) after the fifth year of such service, 30
5 percent of such total amount.

6 “(2) TOTAL OBLIGATION.—The Secretary shall
7 repay for an individual under this section not more
8 than \$20,000 in the aggregate of the loan obligation
9 on loans described in subsection (b)(1).

10 “(3) TREATMENT OF CONSOLIDATION LOANS.—
11 A loan amount for a loan made under section 428C
12 or for a Federal Direct Consolidation Loan may be
13 a qualified loan amount for the purposes of this sub-
14 section only to the extent that such loan amount was
15 used to repay a loan described in subsection (b)(1)
16 for a borrower who meets the requirements of sub-
17 section (b), as determined in accordance with regula-
18 tions prescribed by the Secretary.

19 “(4) CONSTRUCTION.—Nothing in this section
20 shall be construed to authorize the refunding of any
21 repayment of a loan made under section 428 or
22 428H, a Federal Direct Stafford Loan or Federal
23 Direct Unsubsidized Stafford Loan, a Federal Direct
24 Loan, or a Federal Perkins Loan.

1 “(5) INTEREST.—If a portion of a loan is re-
 2 paid by the Secretary under this section for any
 3 year, the proportionate amount of interest on such
 4 loan that accrues for such year shall be repaid by
 5 the Secretary.

6 “(6) INELIGIBILITY OF NATIONAL SERVICE
 7 AWARD RECIPIENTS.—No student borrower may, for
 8 the same service, receive a benefit under both this
 9 section and subtitle D of title I of the National and
 10 Community Service Act of 1990 (42 U.S.C. 12601
 11 et seq.).

12 “(7) INELIGIBILITY FOR DOUBLE BENEFITS.—
 13 No borrower may receive a reduction of loan obliga-
 14 tions under both this section and section 428J or
 15 460.

16 “(8) CONTINUED ELIGIBILITY.—

17 “(A) TEACHERS.—Any teacher who per-
 18 forms service in a school that—

19 “(i) meets the requirements of sub-
 20 section (b)(2)(A)(ii)(I) in any year during
 21 such service; and

22 “(ii) in a subsequent year fails to
 23 meet the requirements of such subsection,

1 may continue to teach in such school and shall
 2 be eligible for loan forgiveness pursuant to sub-
 3 section (b).

4 “(B) TEACHERS IN LOW-INCOME COMMU-
 5 NITIES.—Any early childhood educator who per-
 6 forms service in a community that—

7 “(i) meets the definition of low-income
 8 community in any year during such serv-
 9 ice; and

10 “(ii) in a subsequent year fails to
 11 meet such definition,

12 may continue to perform service in such com-
 13 munity and shall be eligible for loan forgiveness
 14 pursuant to subsection (b).

15 “(d) REPAYMENT TO ELIGIBLE LENDERS AND
 16 HOLDERS.—The Secretary shall pay to each eligible lend-
 17 er or holder for each fiscal year an amount equal to the
 18 aggregate amount of the lender’s or holder’s loans that
 19 are subject to repayment pursuant to this section for such
 20 year.

21 “(e) APPLICATION FOR REPAYMENT.—

22 “(1) IN GENERAL.—Each eligible individual de-
 23 siring loan repayment under this section shall sub-
 24 mit a complete and accurate application to the Sec-

1 retary at such time, in such manner, and containing
2 such information as the Secretary may require.

3 “(2) CONDITIONS.—An eligible individual may
4 apply for loan repayment under this section after
5 completing each of the consecutive years of quali-
6 fying service described in subsection (c)(1). The bor-
7 rower may elect to receive forbearance while engaged
8 in qualifying service described in subsection (c)(1)
9 unless the borrower is in deferment while so en-
10 gaged.

11 “(3) NOTICE CONCERNING ELIGIBILITY FOR AP-
12 PLICATION.—The Secretary shall notify education
13 agencies and other public agencies of the benefits
14 available under this section, and encourage such
15 agencies to notify individuals in eligible public serv-
16 ice positions of such benefits.

17 “(f) REGULATIONS.—The Secretary is authorized to
18 prescribe such regulations as may be necessary to carry
19 out the provisions of this section. Such regulations shall
20 require the Secretary to actively inform individuals eligible
21 for the provisions of this section of the loan forgiveness
22 described under this section.

23 “(g) DEFINITIONS.—In this section:

1 “(1) CHILD CARE FACILITY.—The term ‘child
2 care facility’ means a facility, including a home,
3 that—

4 “(A) provides child care services; and

5 “(B) meets applicable State or local gov-
6 ernment licensing, certification, approval, or
7 registration requirements, if any.

8 “(2) CHILD CARE SERVICES.—The term ‘child
9 care services’ means activities and services provided
10 for the education and care of children from birth
11 through age 5 by an individual who has a degree in
12 early childhood education, including a preschool
13 teacher.

14 “(3) CHILD WELFARE SERVICES.—The term
15 ‘child welfare services’ has the meaning given the
16 term in section 425 of the Social Security Act.

17 “(4) DEGREE.—The term ‘degree’ means an as-
18 sociate’s or bachelor’s degree awarded by an institu-
19 tion of higher education.

20 “(5) EARLY CHILDHOOD EDUCATION.—The
21 term ‘early childhood education’ means education in
22 the area of early child development and education,
23 child care, or any other educational area related to
24 early child education or child care that the Secretary
25 determines to be appropriate.

1 “(6) ELIGIBLE NURSE.—The term ‘eligible
2 nurse’ means a nurse who meets all of the following:

3 “(A) The nurse graduated from—

4 “(i) an accredited school of nursing
5 (as those terms are defined in section 801
6 of the Public Health Service Act (42
7 U.S.C. 296));

8 “(ii) a nursing center; or

9 “(iii) an academic health center that
10 provides nurse training.

11 “(B) The nurse holds a valid and unre-
12 stricted license to practice nursing in the State
13 in which the nurse practices in a clinical set-
14 ting.

15 “(C) The nurse holds 1 or more of the fol-
16 lowing:

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

19 “(ii) A nursing degree from a colle-
20 giate school of nursing (as defined in sec-
21 tion 801 of the Public Health Service Act
22 (42 U.S.C. 296)).

23 “(iii) A nursing degree from an asso-
24 ciate degree school of nursing (as defined

1 in section 801 of the Public Health Service
2 Act (42 U.S.C. 296)).

3 “(iv) A nursing degree from a diploma
4 school of nursing (as defined in section
5 801 of the Public Health Service Act (42
6 U.S.C. 296)).

7 “(7) ELIGIBLE PRESCHOOL PROGRAM PRO-
8 VIDER.—The term ‘eligible preschool program pro-
9 vider’ means a preschool program provider serving
10 children younger than the age of compulsory school
11 attendance that is—

12 “(A) a public or private school;

13 “(B) a provider that is supported, spon-
14 sored, supervised, or administered by a local
15 educational agency;

16 “(C) a Head Start agency designated
17 under the Head Start Act (42 U.S.C. 9831 et
18 seq.);

19 “(D) a nonprofit or community-based orga-
20 nization; or

21 “(E) a licensed child care center or family
22 child care provider.

23 “(8) LOW-INCOME COMMUNITY.—In this sub-
24 section, the term ‘low-income community’ means a
25 community in which 70 percent of households earn

1 less than 85 percent of the State median household
2 income.

3 “(9) PRESCHOOL TEACHER.—The term ‘pre-
4 school teacher’ means an individual—

5 “(A) who has received at least an associ-
6 ate’s degree in early childhood education and
7 who is working toward or who has already re-
8 ceived a bachelor’s degree in early childhood
9 education; and

10 “(B) who works for an eligible preschool
11 program provider supporting the children’s cog-
12 nitive, social, emotional, and physical develop-
13 ment to prepare the children for the transition
14 to kindergarten.

15 “(10) YEAR.—The term ‘year’, where applied to
16 service as a teacher (or service as a member of an
17 accredited school of nursing (as those terms are de-
18 fined in section 801 of the Public Health Service Act
19 (42 U.S.C. 296))), means an academic year as de-
20 fined by the Secretary.”.

21 **SEC. 109. SIGNIFICANTLY SIMPLIFYING THE STUDENT AID**
22 **APPLICATION PROCESS.**

23 (a) EXPANDING THE AUTO-ZERO AND FURTHER
24 SIMPLIFYING THE SIMPLIFIED NEEDS TEST.—

1 (1) SIMPLIFIED NEEDS TEST.—Section 479 (20
2 U.S.C. 1087ss) is amended—

3 (A) in subsection (b)—

4 (i) in paragraph (1)—

5 (I) by striking clause (i) of sub-
6 paragraph (A) and inserting the fol-
7 lowing:

8 “(i) the student’s parents—

9 “(I) file, or are eligible to file, a
10 form described in paragraph (3); or

11 “(II) certify that they are not re-
12 quired to file an income tax return; or

13 “(III) or the student received
14 benefits at some time during the pre-
15 vious 12-month period under a means-
16 tested Federal benefit program as de-
17 fined under subsection (d); and”;

18 (II) by striking clause (i) of sub-
19 paragraph (B) and inserting the fol-
20 lowing:

21 “(i) the student (and the student’s
22 spouse, if any)—

23 “(I) files, or is eligible to file, a
24 form described in paragraph (3); or

1 “(II) certifies that the student
2 (and the student’s spouse, if any) is
3 not required to file an income tax re-
4 turn; or

5 “(III) received benefits at some
6 time during the previous 12-month
7 period under a means-tested Federal
8 benefit program as defined under sub-
9 section (d); and”;

10 (ii) in paragraph (3), by striking “A
11 student or family files a form described in
12 this subsection, or subsection (c), as the
13 case may be, if the student or family, re-
14 spectively, files” and inserting “In the case
15 of an independent student, the student, or
16 in the case of a dependent student, the
17 parent, files a form described in this sub-
18 section, or subsection (c), as the case may
19 be, if the student or parent, as appro-
20 priate, files”;

21 (B) in subsection (c)—

22 (i) in paragraph (1), by striking sub-
23 paragraphs (A) and (B) and inserting the
24 following:

25 “(A) the student’s parents—

1 “(i) file, or are eligible to file, a form
2 described in subsection (b)(3); or

3 “(ii) certify that they are not required
4 to file an income tax return; or

5 “(iii) or the student received benefits
6 at some time during the previous 12-month
7 period under a means-tested Federal ben-
8 efit program as defined under subsection
9 (d); and

10 “(B) the sum of the adjusted gross income
11 of the parents is less than or equal to \$25,000;
12 or”; and

13 (ii) in paragraph (2), by striking sub-
14 paragraphs (A) and (B) and inserting the
15 following:

16 “(A) the student (and the student’s
17 spouse, if any)—

18 “(i) files, or is eligible to file, a form
19 described in subsection (b)(3); or

20 “(ii) certifies that the student (and
21 the student’s spouse, if any) is not re-
22 quired to file an income tax return; or

23 “(iii) received benefits at some time
24 during the previous 12-month period under

1 a means-tested Federal benefit program as
 2 defined under subsection (d); and

3 “(B) the sum of the adjusted gross income
 4 of the student and spouse (if appropriate) is
 5 less than or equal to \$25,000.”; and

6 (iii) by inserting after the last sen-
 7 tence of such subsection the following:
 8 “The Secretary shall annually adjust the
 9 income level necessary to qualify an appli-
 10 cant for the zero expected family contribu-
 11 tion under this subsection. The income
 12 level shall be adjusted according to in-
 13 creases in the Consumer Price Index, as
 14 specified in section 478(f).”; and

15 (C) by adding at the end the following new
 16 subsections:

17 “(d) MEANS-TESTED FEDERAL BENEFIT PRO-
 18 GRAM.—For the purposes of this section, the term ‘means-
 19 tested Federal benefit program’ means a mandatory
 20 spending program of the Federal Government in which eli-
 21 gibility for the program’s benefits, or the amount of such
 22 benefits, or both, are determined on the basis of income
 23 or resources of the individual or family seeking the benefit,
 24 and includes the supplemental security income program
 25 under title XVI of the Social Security Act, the food stamp

1 program under the Food Stamp Act of 1977, the free and
2 reduced price school lunch program established under the
3 Richard B. Russell National School Lunch Act, the tem-
4 porary assistance to needy families program established
5 under part A of title IV of the Social Security Act, and
6 the women, infants and children program established
7 under Section 17 of the Child Nutrition Act of 1966.

8 “(e) REPORTING REQUIREMENTS.—The Secretary
9 shall regularly evaluate the impact of the eligibility guide-
10 lines in subsections (b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A)
11 and (c)(2)(A) of this section. In particular, the Secretary
12 shall evaluate whether the means-tested Federal benefit
13 programs (as defined by subsection (d)) ensure that the
14 Simplified Needs Test continues to be targeted to the
15 maximum number of low- and moderate-income stu-
16 dents.”.

17 (b) IMPROVEMENTS TO PAPER AND ELECTRONIC
18 FORMS.—

19 (1) COMMON FINANCIAL AID FORM DEVELOP-
20 MENT AND PROCESSING.—Section 483 (20 U.S.C.
21 1090) is amended—

22 (A) in subsection (a)—

23 (i) by striking paragraphs (1), (2),
24 and (5);

1 (ii) by redesignating paragraphs (3),
2 (4), (6), and (7), as paragraphs (9), (10),
3 (11), and (12), respectively;

4 (iii) by inserting before paragraph (9),
5 as redesignated by subparagraph (B), the
6 following:

7 “(1) IN GENERAL.—The Secretary, in coopera-
8 tion with representatives of agencies and organiza-
9 tions involved in student financial assistance, shall
10 produce, distribute, and process free of charge com-
11 mon financial reporting forms as described in this
12 subsection to be used for application and reapplica-
13 tion to determine the need and eligibility of a stu-
14 dent for financial assistance under parts A through
15 E (other than subpart 4 of part A). These forms
16 shall be made available to applicants in both paper
17 and electronic formats and shall be referred to as
18 the ‘Free Application for Federal Student Aid’ or
19 the ‘FAFSA’ .

20 “(2) EARLY ESTIMATES.—The Secretary shall
21 permit applicants to complete such forms as de-
22 scribed in this subsection in the years prior to en-
23 rollment in order to obtain an estimate of the family
24 contribution, as defined by section 473. Such appli-
25 cants shall be permitted to update information sub-

mitted on forms described in this subsection using
the process required under paragraph (5)(A).

“(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 REQUIRE-
MENTS.—The EZ FAFSA 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 EZ FAFSA such data
items as may be necessary to award State

1 financial assistance, as provided under
2 paragraph (6), except that the Secretary
3 shall not include a State's data if that
4 State does not permit its applicants for
5 State assistance to use the EZ FAFSA.

6 “(iv) FREE AVAILABILITY AND PROC-
7 ESSING.—The provisions of paragraph (7)
8 shall apply to the EZ FAFSA, and the
9 data collected by means of the EZ FAFSA
10 shall be available to institutions of higher
11 education, guaranty agencies, and States
12 in accordance with paragraph (9).

13 “(v) TESTING.—The Secretary shall
14 conduct appropriate field testing on the
15 EZ FAFSA.

16 “(C) PROMOTING THE USE OF ELEC-
17 TRONIC FAFSA.—

18 “(i) IN GENERAL.—The Secretary
19 shall make all efforts to encourage all ap-
20 plicants to utilize the electronic forms de-
21 scribed in paragraph (4).

22 “(ii) MAINTENANCE OF THE FAFSA IN
23 A PRINTABLE ELECTRONIC FILE.—The
24 Secretary shall maintain a version of the
25 paper forms described in subparagraphs

1 (A) and (B) in a printable electronic file
2 that is easily portable. The printable elec-
3 tronic file will be made easily accessible
4 and downloadable to students on the same
5 website used to provide students with the
6 electronic application forms described in
7 paragraph (4) of this subsection. The Sec-
8 retary shall enable students to submit a
9 form created under this subparagraph that
10 is downloaded and printed from an elec-
11 tronic file format in order to meet the fil-
12 ing requirements of this section and in
13 order to receive aid from programs under
14 this title.

15 “(iii) REPORTING REQUIREMENT.—
16 The Secretary shall report annually to
17 Congress on the impact of the digital di-
18 vide on students completing applications
19 for title IV aid described under this para-
20 graph and paragraph (4). The Secretary
21 will also report on the steps taken to elimi-
22 nate the digital divide and phase out the
23 paper form described in subparagraph (A)
24 of this paragraph. The Secretary’s report
25 will specifically address the impact of the

1 digital divide on the following student pop-
2 ulations: independent students, adults, and
3 dependent students.

4 “(4) ELECTRONIC FORMAT.—

5 “(A) IN GENERAL.—The Secretary shall
6 produce, distribute, and process common forms
7 in electronic format to meet the requirements of
8 paragraph (1). The Secretary shall develop
9 common electronic forms for applicants who do
10 not meet the requirements of subparagraph (C)
11 of this paragraph.

12 “(B) STATE DATA.—The Secretary shall
13 include on the common electronic forms space
14 for information that needs to be submitted from
15 the applicant to be eligible for State financial
16 assistance, as provided under paragraph (6), ex-
17 cept the Secretary shall not require applicants
18 to complete data required by any State other
19 than the applicant’s State of residence.

20 “(C) SIMPLIFIED APPLICATIONS: FAFSA ON
21 THE WEB.—

22 “(i) IN GENERAL.—The Secretary
23 shall develop and use a simplified elec-
24 tronic application form to be used by appli-
25 cants meeting the requirements under sub-

1 section (c) of section 479 and an addi-
2 tional, separate simplified electronic appli-
3 cation form to be used by applicants meet-
4 ing the requirements under subsection (b)
5 of section 479.

6 “(ii) REDUCED DATA REQUIRE-
7 MENTS.—The simplified electronic applica-
8 tion forms shall permit an applicant to
9 submit for financial assistance purposes,
10 only the data elements required to make a
11 determination of whether the applicant
12 meets the requirements under subsection
13 (b) or (c) of section 479.

14 “(iii) STATE DATA.—The Secretary
15 shall include on the simplified electronic
16 application forms such data items as may
17 be necessary to award state financial as-
18 sistance, as provided under paragraph (6),
19 except that the Secretary shall not require
20 applicants to complete data required by
21 any State other than the applicant’s state
22 of residence.

23 “(iv) AVAILABILITY AND PROC-
24 ESSING.—The data collected by means of
25 the simplified electronic application forms

1 shall be available to institutions of higher
2 education, guaranty agencies, and States
3 in accordance with paragraph (9).

4 “(v) TESTING.—The Secretary shall
5 conduct appropriate field testing on the
6 forms developed under this subparagraph.

7 “(D) USE OF FORMS.—Nothing in this
8 subsection shall be construed to prohibit the use
9 of the forms developed by the Secretary pursu-
10 ant to this paragraph by an eligible institution,
11 eligible lender, guaranty agency, State grant
12 agency, private computer software provider, a
13 consortium thereof, or such other entities as the
14 Secretary may designate.

15 “(E) PRIVACY.—The Secretary shall en-
16 sure that data collection under this paragraph
17 complies with section 552a of title 5, United
18 States Code, and that any entity using the elec-
19 tronic version of the forms developed by the
20 Secretary pursuant to this paragraph shall
21 maintain reasonable and appropriate adminis-
22 trative, technical, and physical safeguards to
23 ensure the integrity and confidentiality of the
24 information, and to protect against security
25 threats, or unauthorized uses or disclosures of

1 the information provided on the electronic
2 version of the forms. Data collected by such
3 electronic version of the forms shall be used
4 only for the application, award, and administra-
5 tion of aid awarded under this title, State aid
6 awarded under section 415C, or aid awarded by
7 eligible institutions or such entities as the Sec-
8 retary may designate. No data collected by such
9 electronic version of the forms shall be used for
10 making final aid awards under this title until
11 such data have been processed by the Secretary
12 or a contractor or designee of the Secretary, ex-
13 cept as may be permitted under this title.

14 “(F) SIGNATURE.—Notwithstanding any
15 other provision of this Act, the Secretary may
16 permit an electronic form under this paragraph
17 to be submitted without a signature, if a signa-
18 ture is subsequently submitted by the applicant
19 or if the applicant uses a personal identification
20 number provided by the Secretary under sub-
21 paragraph (G) of this paragraph.

22 “(G) PERSONAL IDENTIFICATION NUM-
23 BERS AUTHORIZED.—The Secretary may assign
24 to applicants personal identification numbers—

1 “(i) to enable the applicants to use
2 such numbers in lieu of a signature for
3 purposes of completing a form under this
4 paragraph;

5 “(ii) to enable the applicants to use
6 such numbers in lieu of a signature for
7 purposes of completing forms required by
8 States under section 415C; and

9 “(iii) for any purpose determined by
10 the Secretary to enable the Secretary to
11 carry out this title.

12 “(5) STREAMLINING.—

13 “(A) STREAMLINED REAPPLICATION PROC-
14 ESS.—

15 “(i) IN GENERAL.—The Secretary
16 shall develop streamlined reapplication
17 forms and processes, including both paper
18 and electronic reapplication processes, con-
19 sistent with the requirements of this sub-
20 section, for an applicant who applies for fi-
21 nancial assistance under this title in the
22 next succeeding academic year subsequent
23 to the year in which such applicant first
24 applied for financial assistance under this
25 title.

1 “(ii) MECHANISMS FOR REAPPLICA-
2 TION.—The Secretary shall develop appro-
3 priate mechanisms to support reapplica-
4 tion.

5 “(iii) IDENTIFICATION OF UPDATED
6 DATA.—The Secretary shall determine, in
7 cooperation with States, institutions of
8 higher education, agencies, and organiza-
9 tions involved in student financial assist-
10 ance, the data elements that can be up-
11 dated from the previous academic year’s
12 application.

13 “(iv) REDUCED DATA AUTHORIZED.—
14 Nothing in this title shall be construed as
15 limiting the authority of the Secretary to
16 reduce the number of data elements re-
17 quired of reapplicants.

18 “(v) ZERO FAMILY CONTRIBUTION.—
19 Applicants determined to have a zero fam-
20 ily contribution pursuant to section 479(c)
21 shall not be required to provide any finan-
22 cial data in a reapplication form, except
23 that which is necessary to determine eligi-
24 bility under such section.

25 “(B) REDUCTION OF DATA ELEMENTS.—

1 “(i) REDUCTION REQUIRED.—Of the
2 number of data elements on the FAFSA
3 on the date of enactment of the College
4 Opportunity for All Act (including ques-
5 tions on the FAFSA for the purposes de-
6 scribed in paragraph (6)), the Secretary, in
7 cooperation with representatives of agen-
8 cies and organizations involved in student
9 financial assistance, shall reduce the num-
10 ber of such data elements by 50 percent
11 within 5 years after such date of enact-
12 ment. Reductions of data elements under
13 paragraph (3)(B), (4)(C), or (5)(A)(iv)
14 shall not be counted towards such 50 per-
15 cent reduction unless those data elements
16 are reduced for all applicants.

17 “(ii) REPORT.—The Secretary shall
18 submit a report on the process of this re-
19 duction to each House of Congress within
20 2 years after such date of enactment.

21 “(6) STATE REQUIREMENTS.—

22 “(A) IN GENERAL.—The Secretary shall
23 include on the forms developed under this sub-
24 section, such State-specific nonfinancial data
25 items as the Secretary determines are necessary

1 to meet State requirements for need-based
2 State aid under section 415C, except as pro-
3 vided in paragraphs (3)(B)(iii) and (4)(C)(iii)
4 of this subsection. Such items shall be selected
5 in consultation with State agencies that submit
6 applications under section 415C in order to as-
7 sist in the awarding of State financial assist-
8 ance in accordance with the terms of this sub-
9 section, except as provided in paragraphs
10 (3)(B)(iii) and (4)(C)(iii) of this subsection.
11 The number of such data items shall not be less
12 than the number included on the form on Octo-
13 ber 7, 1998, unless a State notifies the Sec-
14 retary that the State no longer requires those
15 data items for the distribution of State need-
16 based aid.

17 “(B) ANNUAL REVIEW.—The Secretary
18 shall conduct an annual review process to deter-
19 mine which forms and nonfinancial data items
20 the States require to award need-based State
21 aid and other application requirements that the
22 States may impose.

23 “(C) STATE USE OF SIMPLIFIED FORMS.—
24 The Secretary shall encourage states to take
25 such steps as necessary to encourage the use of

1 simplified application forms, including those de-
2 scribed in paragraphs (3)(B) and (4)(C), to
3 meet the requirements under subsection (b) or
4 (c) of section 479.

5 “(D) FEDERAL REGISTER NOTICE.—The
6 Secretary shall publish on an annual basis a no-
7 tice in the Federal Register requiring State
8 agencies to inform the Secretary—

9 “(i) if the State agency is unable to
10 permit applicants to utilize the simplified
11 application forms described in paragraphs
12 (3)(B) and (4)(C); and

13 “(ii) of the State-specific nonfinancial
14 data that the State agency requires for de-
15 livery of State need-based financial aid.

16 “(E) STATE NOTIFICATION TO THE SEC-
17 RETARY.—

18 “(i) IN GENERAL.—Each State agency
19 that submits an application under section
20 415C shall notify the Secretary—

21 “(I) whether the State permits
22 an applicant to file a form described
23 in paragraph (3)(B) or (4)(A) of this
24 subsection for purposes of deter-

1 mining eligibility for State need-based
2 grant aid; and

3 “(II) the State-specific non-
4 financial data that the State agency
5 requires for delivery of State need-
6 based financial aid.

7 “(ii) ACCEPTANCE OF FORMS.—In the
8 event that a State does not permit an ap-
9 plicant to file a form described in para-
10 graph (3)(B) or (4)(A) of this subsection
11 for purposes of determining eligibility for
12 State need-based grant aid—

13 “(I) the State shall notify the
14 Secretary if the State is not permitted
15 to do so because of either State law or
16 because of agency policy; and

17 “(II) the notification under sub-
18 clause (I) shall include an estimate of
19 the program cost to permit applicants
20 to complete simplified application
21 forms under paragraphs (3)(B) and
22 (4)(A) of this subsection.

23 “(iii) LACK OF NOTIFICATION BY THE
24 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 (4)(A) of this subsection; and

“(II) not require any resident of that State to complete any non-financial 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 assist-

1 ance under parts A through E of this title
2 (other than under subpart 4 of part A), except
3 by use of the FAFSA developed by the Sec-
4 retary pursuant to this subsection. No data col-
5 lected on a form for which a fee is charged shall
6 be used to complete the FAFSA.

7 “(B) NOTICE.—Any entity that provides to
8 students and parents, or charges students or
9 parents for, any value-added services with re-
10 spect to or in connection with the FAFSA, such
11 as completion of the FAFSA, submission of the
12 FAFSA, or tracking of the FAFSA for a stu-
13 dent, shall provide to students and parents
14 clear and conspicuous notice that—

15 “(i) the FAFSA is a free Federal stu-
16 dent aid application;

17 “(ii) the FAFSA can be completed
18 without professional assistance; and

19 “(iii) includes the current Internet ad-
20 dress for the FAFSA on the Department’s
21 web site.

22 “(8) APPLICATION PROCESSING CYCLE.—The
23 Secretary shall enable students to submit a form
24 created under this subsection in order to meet the
25 filing requirements of this section and in order to re-

1 ceive aid from programs under this title and shall
2 initiate the processing of applications under this
3 subsection as early as practicable prior to January
4 1 of the student's planned year of enrollment.”;

5 (B) by adding at the end of subsection (a)
6 the following paragraph:

7 “(13) EARLY APPLICATION AND AWARD DEM-
8 ONSTRATION PROGRAM.—

9 “(A) PROGRAM REQUIRED.—The Secretary
10 shall, no later than two years after the date of
11 enactment of the College Opportunity for All
12 Act, implement an early application demonstra-
13 tion program enabling dependent students to
14 complete applications under this subsection in
15 their junior year of high school, or in the aca-
16 demic year that is two years prior to their in-
17 tended year of enrollment, and to be eligible to
18 receive aid under this title and such aid as may
19 be available from participants, including State
20 financial assistance as provided under section
21 415C and other aid provided by participating
22 institutions.

23 “(B) PURPOSE AND OBJECTIVES.—The
24 purpose of the demonstration program under
25 this paragraph shall be to measure the benefits,

1 in terms of student aspirations and plans to at-
2 tend college, and the adverse effects, in terms
3 of program costs, integrity, distribution, and
4 delivery of aid under this title, of implementing
5 an early application system for all dependent
6 students that allows dependent students to
7 apply for financial aid using information from
8 the year prior to the year prior to enrollment.
9 Additional objectives associated with implemen-
10 tation of the demonstration program are the
11 following:

12 “(i) Measure the feasibility of ena-
13 bling dependent students to apply for Fed-
14 eral, State, and institutional financial aid
15 in their junior year of high school, using
16 information from the year prior to the year
17 prior to enrollment, by completing any of
18 the application forms under this sub-
19 section.

20 “(ii) Determine the feasibility, bene-
21 fits, and adverse effects of implementing a
22 data match with the Internal Revenue
23 Service (IRS).

24 “(iii) Identify whether receiving final
25 financial aid awards no later than the fall

1 of the senior year provides students with
2 additional time to compete for the limited
3 resources available for State and institu-
4 tional financial aid and positively impacts
5 the college aspirations and plans of these
6 students.

7 “(iv) Measure the impact of using in-
8 come information from the year prior to
9 the year prior to enrollment on—

10 “(I) eligibility for financial aid
11 under this title and for other institu-
12 tional aid; and

13 “(II) the cost of financial aid
14 programs under this title.

15 “(iv) Effectively evaluate the benefits
16 and adverse effects of the demonstration
17 program on program costs, integrity, dis-
18 tribution, and delivery of aid.

19 “(C) PARTICIPANTS.—The Secretary shall
20 select States and institutions within those
21 States to participate in the demonstration pro-
22 gram under this paragraph that are partici-
23 pating in the programs under this title and that
24 are willing to make final financial aid awards to
25 students based on their application information

1 from the year prior to the year prior to enroll-
2 ment. The Secretary shall also select as partici-
3 pants in the demonstration program secondary
4 schools and dependent students that are located
5 in the participating States.

6 “(D) APPLICATION PROCESS.—The Sec-
7 retary shall insure that the following provisions
8 are included in the demonstration program:

9 “(i) Participating States and institu-
10 tions shall allow participating students to
11 apply for financial aid during their junior
12 year of high school using information from
13 the year prior to the year prior to enroll-
14 ment and all provisions available under
15 this title and shall award final financial aid
16 awards to participating students based on
17 the applications provided under this dem-
18 onstration program.

19 “(ii) Participating States and institu-
20 tions shall not require students partici-
21 pating in this demonstration program to
22 complete an additional application in the
23 year prior to enrollment in order to receive
24 State aid under section 415C and any
25 other institutional aid.

1 “(iii) Financial aid administrators at
2 participating institutions shall be allowed
3 to use their discretion in awarding finan-
4 cial aid to participating students, as out-
5 lined under section 479A and section
6 480(d)(7).

7 “(E) DATA MATCH WITH THE INTERNAL
8 REVENUE SERVICE.—The Secretary shall in-
9 clude in this demonstration project a data
10 match with the Internal Revenue Service in
11 order to verify data provided by participating
12 students and gauge the feasibility of imple-
13 menting such a data match for all students ap-
14 plying for aid under this title.

15 “(F) EVALUATION.—The Secretary shall
16 conduct a rigorous evaluation of this dem-
17 onstration program in order to measure its ben-
18 efits and adverse effects as indicated under sub-
19 paragraph (A).

20 “(G) OUTREACH.—The Secretary shall
21 make appropriate efforts in order to notify
22 States of the demonstration program under this
23 paragraph. Upon determination of participating
24 States, the Secretary shall continue to make ef-
25 forts to notify institutions and dependent stu-

1 dents within participating States of the oppor-
 2 tunity to participate in the demonstration pro-
 3 gram and of the participation requirements.”

4 (C) by striking subsection (b);

5 (D) by redesignating subsections (c), (d),
 6 and (e) as subsections (b), (c), and (d), respec-
 7 tively.

8 (2) MASTER CALENDAR.—Section 482(a)(1)(B)
 9 (20 U.S.C. 1089) is amended to read as follows:

10 “(B) by March 1: proposed modifications,
 11 updates, and notices pursuant to sections
 12 479(c)(2)(C), 478, and 483(a)(6) published in
 13 the Federal Register;”.

14 (c) INCREASING ACCESS TO TECHNOLOGY.—Section
 15 483 (20 U.S.C. 1087ss) is further amended by adding at
 16 the end the following:

17 “(e) ADDRESSING THE DIGITAL DIVIDE.—The Sec-
 18 retary shall utilize savings accrued by moving more appli-
 19 cants to the electronic forms described in subsection (a)(4)
 20 to improve access to the electronic forms described in sub-
 21 section (a)(4) for applicants meeting the requirements of
 22 section 479(c).”

23 (d) SIMPLIFY THE TREATMENT OF INCOME: REDUC-
 24 ING UNTAXED INCOME AND BENEFITS.—Subsection (b)

1 of section 480 (20 U.S.C. 1087vv(b)) is amended to read
2 as follows:

3 “(b) UNTAXED INCOME AND BENEFITS.—

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

6 “(A) child support received;

7 “(B) workman’s compensation;

8 “(C) veteran’s benefits such as death pen-
9 sion, dependency, and indemnity compensation,
10 but excluding veterans’ education benefits as
11 defined in subsection (c);

12 “(D) interest on tax-free bonds;

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

17 “(F) cash support or any money paid on
18 the student’s behalf, except, for dependent stu-
19 dents, funds provided by the student’s parents;

20 “(G) untaxed portion of pensions;

21 “(H) payments to individual retirement ac-
22 counts and Keogh accounts excluded from in-
23 come for Federal income tax purposes; and

24 “(I) any other untaxed income and bene-
25 fits, such as Black Lung Benefits, Refugee As-

sistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits or benefits received through participation in employment and training activities under title I of the Workforce Investment Act of 1998.

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

(e) REDUCING THE NUMBER OF QUESTIONS.—Section 484 (20 U.S.C. 1091) is amended by striking subsection (r).

(f) ALLOWANCE FOR STATE AND OTHER TAXES.—

(1) ALLOWANCE FOR STATE AND LOCAL TAXES.—Section 478 (20 U.S.C. 1087rr) is amended—

(A) by striking subsection (g); and

(B) by redesignating subsection (h) as subsection (g).

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

(A) in paragraph (1):

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C), (D), (E), and (F) as subparagraphs (B), (C), (D), and (E), respectively;

1 (B) by striking paragraph (2);
 2 (C) by striking paragraph (4) and insert-
 3 ing the following:
 4 “(4) INCOME PROTECTION ALLOWANCE.—The
 5 income protection allowance is determined by the fol-
 6 lowing table (or a successor table prescribed by the
 7 Secretary under section 478):

“Income Protection Allowance						
Family Size	Number in College					
(including student)	1	2	3	4	5	For each additional subtract:
2	\$15,207	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	.....
4	23,388	20,779	18,193	\$15,596	.....	.....
5	27,595	24,986	22,400	19,802	\$17,216	.....
6	32,268	29,670	27,084	24,487	21,900	.....
For each additional add:	2,586	2,586	2,586	2,586	2,586	”;

8 and
 9 (D) by redesignating paragraphs (3), (4)
 10 and (5) as paragraphs (2), (3) and (4), respec-
 11 tively.

12 (3) DEPENDENT STUDENT INCREASE IN IN-
 13 COME PROTECTION ALLOWANCE.—Section 475(g)
 14 (20 U.S.C. 1087oo(g)) is amended—

15 (A) in paragraph (2)—
 16 (i) by striking subparagraph (B);
 17 (ii) by striking subparagraph (D) and
 18 inserting the following:

“(D) an income protection allowance of \$2,589 (or a successor amount prescribed by the Secretary under section 478);” and

(iii) by redesignating subparagraphs (C), (D), (E), and (F) as subparagraphs (B), (C), (D), and (E), respectively;

(B) by striking paragraph (3); and

(C) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

(4) INDEPENDENT STUDENT (WITHOUT DEPENDENTS) INCREASE IN INCOME PROTECTION ALLOWANCE.—Section 476(b) (20 U.S.C. 1087pp(b)) is amended—

(A) in subparagraph (A) of paragraph (1)—

(i) by striking clause (ii);

(ii) by striking subclauses (I), (II) and (III) of clause (iv) and inserting the following:

“(I) \$5,874 for single students;

“(II) \$5,874 for married students who are both enrolled pursuant to subsection (a)(2); and

1 “(III) \$9,395 for married stu-
 2 dents where one is enrolled pursuant
 3 to subsection (a)(2);” and
 4 (iii) by redesignating clauses (iii), (iv),
 5 (v), (vi), as clauses (ii), (iii), (iv), and (v),
 6 respectively;
 7 (B) by striking paragraph (2); and
 8 (C) by redesignating paragraphs (3), (4),
 9 and (5) as paragraphs (2), (3), and (4), respec-
 10 tively.

11 (5) INDEPENDENT STUDENT (WITH DEPEND-
 12 ENTS) INCREASE IN INCOME PROTECTION ALLOW-
 13 ANCE.—Section 477(b) (20 U.S.C. 1087qq(b)) is
 14 amended—

15 (A) in paragraph (1)—
 16 (i) by striking subparagraph (B); and
 17 (ii) by redesignating (C), (D), (E),
 18 and (F) as subparagraphs (B), (C), (D),
 19 and (E), respectively;
 20 (B) by striking paragraph (2);
 21 (C) by striking paragraph (4) and insert-
 22 ing the following:

23 “(4) INCOME PROTECTION ALLOWANCE.—The
 24 income protection allowance is determined by the fol-

1 following table (or a successor table prescribed by the
2 Secretary under section 478):

“Income Protection Allowance						
Family Size	Number in College					
(including student)	1	2	3	4	5	For each additional subtract:
2	\$16,935	\$12,599	.....	.....	.....	\$3,641
3	18,937	16,350	\$13,742	.....	.....	.....
4	23,384	20,779	18,193	\$15,596	.....	.....
5	27,596	24,986	22,400	19,802	\$17,216	.....
6	32,268	29,670	27,084	24,487	21,900	.....
For each additional add:	2,586	2,586	2,586	2,586	2,586	”;

3 and

4 (D) by redesignating paragraphs (3), (4),
5 and (5) as paragraphs (2), (3), and (4), respec-
6 tively.

7 (6) CONFORMING AMENDMENT: UPDATES.—

8 Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

9 (A) in paragraph (1)—

10 (i) by striking “1993–1994” and in-
11 sserting “2005–2006”;

12 (ii) by striking “475(c)(4) and
13 477(b)(4)” and inserting “475(c)(3) and
14 477(b)(3)”;

15 (iii) by striking “December 1992” and
16 inserting “December 2004”; and

17 (B) in paragraph (2)—

18 (i) by striking “2000–2001” and in-
19 sserting “2005–2006”;

1 (ii) by striking “475(g)(2)(D) and
 2 476(b)(1)(A)(iv)” and inserting
 3 “475(g)(2)(C) and 476(b)(1)(A)(iii)”; and
 4 (iii) by striking “December 1999” and
 5 inserting “December 2004”.

6 (g) RELIEF FOR WORKING STUDENTS.—

7 (1) DEPENDENT STUDENTS.—Paragraph (4) of
 8 section 475(g) (20 U.S.C. 1087oo(g)(4)), as redesign-
 9 nated by subsection (f)(3)(C), is amended to read as
 10 follows:

11 “(4) the student’s available income (determined
 12 in accordance with paragraph (1) of this subsection)
 13 is assessed at 40 percent.”

14 (2) INDEPENDENT STUDENTS WITHOUT DE-
 15 PENDENTS OTHER THAN A SPOUSE.—Paragraph (4)
 16 of section 476(b) (20 U.S.C. 1087pp(b)), as redesign-
 17 nated by subsection (f)(3)(C), is amended to read as
 18 follows:

19 “(4) ASSESSMENT OF AVAILABLE INCOME.—
 20 The family’s available income (determined in accord-
 21 ance with paragraph (1)(A) of this subsection) is as-
 22 sessed at 40 percent.”.

23 (h) SIMPLIFYING FOR STUDENTS WITH SPECIAL
 24 CIRCUMSTANCES.—Section 480 (20 U.S.C. 1087vv) is

1 amended by striking subsection (d) and inserting the fol-
2 lowing:

3 “(d) INDEPENDENT STUDENT.—

4 “(1) DEFINITION.—The term ‘independent’
5 when used with respect to a student, means any in-
6 dividual who—

7 “(A) is 24 years of age or older by Decem-
8 ber 31 of the award year;

9 “(B) is an orphan, in foster care, or a
10 ward of the court, or was in foster care or a
11 ward of the court until the individual reached
12 the age of 18;

13 “(C) is an emancipated youth as defined
14 by his or her state of legal residence or is in
15 legal guardianship as defined by section 475(7)
16 of the Social Security Act;

17 “(D) is a veteran of the Armed Forces of
18 the United States (as defined in subsection
19 (c)(1));

20 “(E) is a graduate or professional student;

21 “(F) is a married individual;

22 “(G) has legal dependents other than a
23 spouse; or

24 “(H) is a student for whom a financial aid
25 administrator makes a documented determina-

1 tion of independence by reason of unusual cir-
2 cumstances.

3 “(2) SIMPLIFYING THE DEPENDENCY OVER-
4 RIDE PROCESS.—Nothing in this subsection shall
5 prohibit a financial aid administrator to make a de-
6 termination of independence, as defined in para-
7 graph (1)(H), based upon a documented determina-
8 tion of independence, as defined in paragraph
9 (1)(H), previously made by another financial aid ad-
10 ministrator in the same application year.”.

11 (i) TAILORING ELECTRONIC APPLICATIONS FOR STU-
12 DENTS WITH SPECIAL CIRCUMSTANCES.—Section 483(a)
13 of the Higher Education Act is further amended by insert-
14 ing after paragraph (13), as added by subsection
15 (b)(1)(B) of this section, the following new paragraph:

16 “(14) APPLICATIONS FOR STUDENTS SEEKING
17 A DOCUMENTED DETERMINATION OF INDEPEND-
18 ENCE.—In the case of dependent students seeking a
19 documented determination of independence by a fi-
20 nancial aid administrator (as defined by section
21 480(d)), nothing in this section shall prohibit the
22 Secretary from—

23 “(A) allowing such students to indicate
24 their special circumstance on an electronic form
25 developed pursuant for this section;

1 “(B) collecting and processing on a pre-
 2 liminary basis data provided by such students
 3 using the electronic forms developed pursuant
 4 for this section; and

5 “(C) distributing such data to institutions
 6 of higher education, guaranty agencies, and
 7 States for the purposes of processing loan appli-
 8 cations and determining need and eligibility for
 9 institutional and State financial aid awards on
 10 a preliminary basis, pending a documented de-
 11 termination of independence by a financial aid
 12 administrator.”.

13 **SEC. 110. AUTHORIZATIONS OF APPROPRIATIONS FOR**
 14 **CAMPUS-BASED AID.**

15 (a) FEDERAL TRIO PROGRAM AUTHORIZATIONS.—
 16 Section 402A(f) (20 U.S.C. 1070a–11(f)) is amended—

17 (1) by striking “\$700,000,000 for fiscal year
 18 1999” and inserting “\$1,250,000,000 for fiscal year
 19 2004”; and

20 (2) by striking “4 succeeding fiscal years” and
 21 inserting “5 succeeding fiscal years”.

22 (b) GEARUP.—Section 404H (20 U.S.C. 1070a–28)
 23 is amended to read as follows:

1 **“SEC. 404H. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this chapter—

4 “(1) \$500,000,000 for fiscal year 2006; and

5 “(2) such sums as may be necessary for each
6 of the 5 succeeding fiscal years.”.

7 (c) **FEDERAL SUPPLEMENTAL EDUCATIONAL OP-
8 PORTUNITY GRANTS.—**

9 (1) **AUTHORIZATION.—**Section 413A(b)(1) (20
10 U.S.C. 1070b(b)(1)) is amended—

11 (A) by striking “\$675,000,000 for fiscal
12 year 1999” and inserting “\$1,000,000,000 for
13 fiscal year 2006”; and

14 (B) by striking “4 succeeding fiscal years”
15 and inserting “5 succeeding fiscal years”.

16 (2) **MAXIMUM GRANT.—**Section 413B(a)(2) (20
17 U.S.C. 1070b–1(a)(2)) is amended by striking
18 “\$4,000” and inserting “\$8,000”.

19 (d) **COLLEGE WORK-STUDY.—**Section 441(b) (20
20 U.S.C. 2751(b)) is amended to read as follows:

21 “(b) **AUTHORIZATION OF APPROPRIATIONS.—**There
22 are authorized to be appropriated to carry out this part—

23 “(1) \$1,500,000,000 for fiscal year 2006; and

24 “(2) such sums as may be necessary for each
25 of the 5 succeeding fiscal years.”.

1 **SEC. 111. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAM-**
2 **ILIES ARE ENGAGED IN MIGRANT AND SEA-**
3 **SONAL FARM WORK.**

4 Section 418A (20 U.S.C. 1070d–2) is amended—

5 (1) in subsection (b)(1)(B)(i), by inserting “or
6 whose spouse” after “themselves”;

7 (2) in subsection (b)(3)(B), by inserting “, in-
8 cluding preparation for college entrance exams,”
9 after “program”;

10 (3) in subsection (b)(8), by inserting “, includ-
11 ing child care and transportation” after “students”;

12 (4) by striking “and” at the end of subsection
13 (b)(7), by striking the period at the end of sub-
14 section (b)(8) and inserting “; and”, and by adding
15 at the end of subsection (b) the following new para-
16 graph:

17 “(9) follow up activity and reporting require-
18 ments, except that not more than 2 percent of the
19 funds provided under this section may be used for
20 such purposes.”;

21 (5) in subsection (c)(1)(A), by inserting “or
22 whose spouse” after “themselves”;

23 (6) in subsection (c)(2)(B), by inserting “(in-
24 cluding mentoring and guidance of such students)”
25 after “services”;

1 (7) in subsection (c)(2), by striking “and” at
2 the end of subparagraph (A), by striking the period
3 at the end of subparagraph (B) and inserting “;
4 and”, and by adding at the end of subsection (c)(2)
5 the following new subparagraph:

6 “(C) for students in any program that
7 does not award a bachelor’s degree, encour-
8 aging the transfer to, and persistence in, such
9 a program, and monitoring the rate of such
10 transfer, persistence, and completion.”; and

11 (8) in subsection (h)—

12 (A) in paragraph (1), by striking
13 “\$15,000,000 for fiscal year 1999 and such
14 sums as may be necessary for each of the 4
15 succeeding fiscal years” and inserting
16 “\$24,000,000 for fiscal year 2006 and such
17 sums as may be necessary for each of the 5
18 succeeding fiscal years”; and

19 (B) in paragraph (2), by striking
20 “\$5,000,000 for fiscal year 1999 and such
21 sums as may be necessary for each of the 4
22 succeeding fiscal years” and inserting
23 “\$16,000,000 for fiscal year 2006 and such
24 sums as may be necessary for each of the 5
25 succeeding fiscal years”.

1 **SEC. 112. INITIATIVE TO ENHANCE COLLEGE GRADUATION**
 2 **RATES AND TO ACCELERATE TIME TO DE-**
 3 **GREE.**

4 Part A of title IV is amended by inserting after sub-
 5 part 7 the following new subpart:

6 **“Subpart 8—Initiative to Enhance College**
 7 **Graduation Rates and to Accelerate Time to Degree**
 8 **“SEC. 419P. PROGRAM AUTHORIZED.**

9 “(a) PURPOSE.—It is the purpose of this subpart to
 10 establish a six-year demonstration initiative to test wheth-
 11 er Federal financial aid can be leveraged more effectively
 12 to reduce postsecondary remediation rates and improve
 13 degree attainment rates for low-income students and
 14 former high school dropouts by allowing income-eligible
 15 high school students to use Federal grants to get a head
 16 start on college.

17 “(b) DEFINITION OF AN EARLY COLLEGE HIGH
 18 SCHOOL.—A secondary school is eligible for purposes of
 19 this subpart if such school—

20 “(1) is a secondary school that has an enroll-
 21 ment of high school-aged students—

22 “(A) all of which are taking at least 50
 23 percent of their courses at the college level over
 24 4 or 5 years; and

25 “(B) all of which, upon their graduation
 26 from high school, are working towards earning

1 an associates degree or up to 2 years of trans-
2 ferable college credit; or

3 “(2) is a secondary school that—

4 “(A) has a partnership agreement estab-
5 lishing co-governance of the demonstration sites
6 between local educational agencies, secondary
7 schools, postsecondary institutions, or other
8 partnering agencies (or any combination there-
9 of), including through a non-profit intermediary
10 facilitating such partnerships;

11 “(B) supports cohorts of students in a co-
12 herent course of study with strong individual-
13 ized services supporting students;

14 “(C) encourages accelerated accumulation
15 of college credits;

16 “(D) allows students to earn both a high
17 school diploma and college credit through a co-
18 herent course of study enabling the attainment
19 of credit towards a postsecondary degree or cre-
20 dential;

21 “(E) provides services to underrepresented
22 populations such as students eligible for Pell
23 grants, first-generation college students, stu-
24 dents from school districts with high concentra-

1 tions of poverty, English language learners, or
2 former high school dropouts; and

3 “(F) includes the participation of postsec-
4 ondary institutions that are in good standing
5 under the Title IV programs.

6 “(c) APPLICATION.—An early college high school
7 which is a local education agency or a local education
8 agency on behalf of an early college high school which de-
9 sires to receive a grant under this section may submit an
10 application to the Secretary at such time and containing
11 such information as the Secretary may require. Such ap-
12 plication shall require applicants to establish goals for how
13 many students will participate in the program, and goals
14 for the academic progress of participating students toward
15 earning their high school diploma and associate’s degree,
16 or transferable college credit, or both.

17 “(d) SELECTION OF GRANT RECIPIENTS.—The Sec-
18 retary shall select grant recipients on a competitive basis.
19 In making grants under this section the Secretary shall
20 award grants in an amount not less than \$1,000,000.

21 “(e) EVALUATION.—

22 “(1) ANNUAL EVALUATION.—The Secretary of
23 Education shall evaluate the programs under this
24 section on an annual basis. Such evaluations shall
25 include—

1 “(A) the extent to which the institution, or
2 partnership has met the goals set forth in its
3 application to the Secretary;

4 “(B) the number of students participating
5 in the program offered, including the progress
6 of participating students towards earning their
7 high school diploma and their associate’s de-
8 gree, or transferable college credit, or both; and

9 “(C) as consistent with the goals set forth
10 in the application to the Secretary, the number
11 of former high school drop outs participating in
12 the program.

13 “(2) OTHER EVALUATIONS.—Within 18 months
14 of the start of the demonstration initiative, the Sec-
15 retary of Education shall report to the Committee
16 on Education and the Workforce of the House of
17 Representatives and the Committee on Health, Edu-
18 cation, Labor, and Pensions of the Senate with re-
19 spect to—

20 “(A) the evaluation of the demonstration
21 program under this section; and

22 “(B) any proposed statutory changes to
23 enhance the success of the programs under this
24 section.

1 “(f) AUTHORIZATION.—There are authorized to be
 2 appropriated to carry out this subpart \$100,000,000 for
 3 fiscal year 2006 and such sums as may be necessary for
 4 each of the 5 succeeding fiscal years.”.

5 **SEC. 113. CONSOLIDATION LOAN LENDER OF CHOICE.**

6 (a) STUDENT LOAN BORROWER CHOICE OF LOAN
 7 CONSOLIDATOR.—Section 428C(b)(1)(A) of the Higher
 8 Education Act of 1965 (20 U.S.C. 1078–3(b)(1)(A)) is
 9 amended by striking “and (i) the lender holds” and all
 10 that follows through “selected for consolidation)”.

11 (b) CONSOLIDATION LOAN DISCLOSURE BY LEND-
 12 ERS.—Section 428C(b)(1) of the Higher Education Act of
 13 1965 (20 U.S.C. 1078–3(b)(1)) is amended—

14 (1) by striking “and” at the end of subpara-
 15 graph (E);

16 (2) by redesignating subparagraph (F) as sub-
 17 paragraph (G); and

18 (3) by inserting after subparagraph (E) the fol-
 19 lowing new subparagraph:

20 “(F) that each applicant for a consolida-
 21 tion loan will be provided a clear and con-
 22 spicuous notice, in such form as the Secretary
 23 shall prescribe, describing—

1 “(i) the effects of a consolidation loan
2 and its available repayment plans on the
3 borrower’s interest rate;

4 “(ii) the amount of his or her monthly
5 and total payments, total interest accrued,
6 and the length of the repayment term;

7 “(iii) the ability of the student bor-
8 rower to pre-pay loans; and

9 “(iv) the differences between variable
10 and fixed interest rates;”.

11 (c) DISCLOSURES BY INSTITUTIONS DURING EXIT
12 COUNSELING.—Section 485(b) of the Higher Education
13 Act of 1965 (20 U.S.C. 1092(b)) is amended by adding
14 at the end the following new paragraph:

15 “(3) Each eligible institution shall provide to the bor-
16 rower of a loan made under part B, D, or E, during the
17 exit interview required by this subsection, a clear and con-
18 spicuous notice, in such form as the Secretary shall pre-
19 scribe, describing the effect of using a consolidation loan
20 to discharge the borrower’s student loans, and including,
21 with respect to a series of loan amounts ranges—

22 “(A) the differences between fixed and variable
23 interest rates;

24 “(B) the effects of consolidation loan and its
25 available repayment plans on the borrower’s interest

1 rate, the amount of his or her monthly and total
2 payments, total interest accrued, and the length of
3 repayment term; and

4 “(C) the ability of the student to prepay
5 loans.”.

6 **SEC. 114. ESTABLISHING ADDITIONAL SAFEGUARDS ON**
7 **SCHOOLS ACTING AS LENDERS UNDER THE**
8 **FEDERAL FAMILY EDUCATION LOAN PRO-**
9 **GRAM.**

10 Section 435(d)(2) (20 U.S.C. 1085(d)(2)) is amended
11 to read as follows:

12 “(2) REQUIREMENTS FOR ELIGIBLE INSTITU-
13 TIONS.—

14 “(A) IN GENERAL.—To be an eligible lend-
15 er under this part, an eligible institution

16 “(i) shall employ at least one person
17 whose full-time responsibilities are limited
18 to the administration of programs of finan-
19 cial aid for students attending such institu-
20 tion;

21 “(ii) shall not be a home study school;

22 “(iii) shall make loans to not more
23 than 50 percent of the undergraduate stu-
24 dents at the institution;

1 “(iv) shall not make a loan, other
2 than a loan to a graduate or professional
3 student, unless the borrower has previously
4 received a loan from the school;

5 “(v) shall award any contract for fi-
6 nancing, servicing, administration, or ad-
7 ministration of loans under this title on a
8 competitive basis;

9 “(vi) shall offer loans which carry a
10 reduced origination fee, or a lower interest
11 rate, or both, than are authorized under
12 the provisions of this title;

13 “(vii) shall not have a cohort default
14 rate (as defined in section 435(m)) greater
15 than 10 percent;

16 “(viii) shall use any proceeds from
17 special allowance payments and interest
18 payments from borrowers, and any pro-
19 ceeds from the sale or other disposition of
20 loans, for need-based grant programs; and

21 “(ix) shall, for any year for which the
22 institution engages in activities as an eligi-
23 ble lender, provide for a compliance audit
24 conducted in accordance with section
25 428(b)(1)(U)(iii)(I), and the regulations

1 thereunder, and submit the results of such
2 audit to the Secretary.

3 “(B) ADMINISTRATIVE EXPENSES.—An el-
4 igible lender under subparagraph (A) shall be
5 permitted to use a portion of the proceeds de-
6 scribed in subparagraph (A)(viii) for reasonable
7 and direct administrative expenses.

8 “(C) SUPPLEMENT, NOT SUPPLANT.—An
9 eligible lender under subparagraph (A) shall en-
10 sure that the proceeds described in subpara-
11 graph (A)(viii) are used to supplement, and not
12 to supplant, non-Federal funds that would oth-
13 erwise be used for need-based grant pro-
14 grams.”.

15 **SEC. 115. BOOSTING OPPORTUNITIES FOR LOW-INCOME**
16 **PARENTS TO PURSUE COLLEGE DEGREES.**

17 (a) MINIMUM GRANT.—Section 419N(b)(2)(B) (20
18 U.S.C. 1070e(b)(2)(B)) is amended by striking “\$10,000”
19 and inserting “\$30,000”.

20 (b) ELIGIBLE INSTITUTIONS.—Section 419N(b)(4) is
21 amended by striking “\$350,000” and inserting
22 “\$250,000”.

23 (c) INCOME ELIGIBILITY.—Section 419N(b)(7) is
24 amended by striking “who is eligible to receive” and in-
25 serting “whose income qualifies for eligibility for”.

1 (d) PUBLICITY.—Section 419N(b) is further amend-
 2 ed by adding at the end the following new paragraph:

3 “(8) PUBLICITY.—The Secretary shall publicize
 4 the availability of grants under this section in appro-
 5 priate periodicals, in addition to publication in the
 6 Federal Register, and shall inform appropriate edu-
 7 cational organizations of such availability.”.

8 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
 9 419N(g) is amended by striking “\$45,000,000 for fiscal
 10 year 1999” and inserting “\$75,000,000 for fiscal year
 11 2006”.

12 **SEC. 116. SUPPORT FOR COMMUNITY SERVICE IN COLLEGE**
 13 **WORK-STUDY PROGRAM.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—

15 (1) AMENDMENT.—Section 441(b) (20 U.S.C.
 16 2751(b)) is amended to read as follows:

17 “(b) AUTHORIZATION OF APPROPRIATIONS.—

18 “(1) IN GENERAL.—There are authorized to be
 19 appropriated to carry out this part (other than for
 20 community service competitive grants)—

21 “(A) \$1,500,000,000 for fiscal year 2006;

22 and

23 “(B) such sums as may be necessary for
 24 each of the 5 succeeding fiscal years.

1 “(2) COMMUNITY SERVICE COMPETITIVE
2 GRANTS.—There are authorized to be appropriated
3 to make community service competitive grants under
4 section 447(b)—

5 “(A) \$350,000,000 for fiscal year 2006;
6 and

7 “(B) such sums as may be necessary for
8 each of the 5 succeeding fiscal years.”.

9 (2) CONFORMING AMENDMENTS.—Section 442
10 (42 U.S.C. 2752) is amended by striking “section
11 441(b)” each place it appears and inserting “section
12 441(b)(1)”.

13 (b) COMPETITIVE COMMUNITY SERVICE GRANTS.—
14 Section 447 (42 U.S.C. 2756a) is amended—

15 (1) by striking “Each institution” and inserting
16 the following:

17 “(a) USE OF ADMINISTRATIVE FUNDS.—”; and

18 (2) by adding at the end the following new sub-
19 section:

20 “(b) COMPETITIVE GRANTS TO FURTHER ENHANCE
21 COMMUNITY SERVICE.—

22 “(1) GRANTS AUTHORIZED.—From the
23 amounts appropriated under section 441(b)(2), the
24 Secretary is authorized to award competitive grants
25 to institutions that dedicate a significantly greater

1 proportion of their allocations under section 442 to
2 providing community service opportunities under
3 this part.

4 “(2) MINIMUM GRANT; DURATION.—The min-
5 imum grant the Secretary shall award under this
6 subsection shall be \$500,000, except that the Sec-
7 retary may increase such amount based on the num-
8 ber of participants and the level of community serv-
9 ice. A grant awarded under this subsection shall be
10 for a single academic year, but such grants may be
11 continued in subsequent years to successful competi-
12 tors.

13 “(3) APPLICATIONS; AGREEMENTS.—Any insti-
14 tution of higher education desiring to obtain a grant
15 under this subsection shall submit an application
16 therefor to the Secretary at such time, in such form,
17 and containing or accompanied by such information
18 and agreements as the Secretary may require.”.

19 **SEC. 117. B.J. STUPAK OLYMPIC SCHOLARSHIPS.**

20 Section 1543(d) of the Higher Education Amend-
21 ments of 1992 (20 U.S.C. 1070 note) is amended by strik-
22 ing “1999” and inserting “2006”.

1 **SEC. 118. REDUCTION OF GUARANTY AGENCY PAYMENTS.**

2 (a) **INSURANCE PERCENTAGES.**—Subparagraph (G)
3 of section 428(b)(1) (20 U.S.C. 1078(b)(1)(G)) is amend-
4 ed to read as follows:

5 “(G) insures 98 percent of the unpaid
6 principal of loans insured under the program,
7 except that—

8 “(i) such program shall insure 100
9 percent of the unpaid principal of loans
10 made with funds advanced pursuant to sec-
11 tion 428(j) or 439(q); and

12 “(ii) with respect to any loan for
13 which the first disbursement of principal is
14 made on or after October 1, 2006, the pre-
15 ceding provisions of this subparagraph
16 shall be applied—

17 “(I) by substituting ‘95 percent’
18 for ‘98 percent’; and

19 “(II) by substituting ‘97 percent’
20 for ‘100 percent’;”.

21 (b) **RETENTION OF COLLECTIONS.**—Subparagraph
22 (B) of section 428(c)(6) (20 U.S.C. 1078(c)(6)(B)) is
23 amended to read as follows:

24 “(B) an amount equal to the following per-
25 centage of such payments for use in accordance
26 with section 422B—

1 “(i) from October 1, 2003, until Sep-
 2 tember 30, 2006, inclusive, 23 percent;
 3 “(ii) from October 1, 2006, until Sep-
 4 tember 30, 2008, inclusive, 20 percent;
 5 “(iii) from October 1, 2008, until Sep-
 6 tember 30, 2010, inclusive, 18 percent;
 7 and
 8 “(iv) after September 30, 2010, 16
 9 percent.”.

10 **TITLE II—TEACHER QUALITY**

11 **SEC. 201. TEACHER RECRUITING AND PREPARATION.**

12 (a) TEACH GRANTS.—Title II of the Higher Edu-
 13 cation Act of 1965 (20 U.S.C. 1021 et seq.) is amended
 14 by adding at the end the following new part:

15 **“PART C—TEACH GRANTS**

16 **“SEC. 231. PURPOSES.**

17 “The purposes of the part are—

18 “(1) to improve student academic achievement;

19 “(2) to help recruit and prepare teachers to
 20 meet the national demand for a highly qualified
 21 teacher in every classroom; and

22 “(3) to increase opportunities for Americans of
 23 all educational, ethnic, class, and geographic back-
 24 grounds to become highly qualified teachers.

1 **“SEC. 232. PROGRAM ESTABLISHED.**

2 “(a) PROGRAM AUTHORITY.—

3 “(1) PAYMENTS REQUIRED.—For each of the
4 fiscal years 2006 through 2013, the Secretary shall
5 pay to each eligible institution such sums as may be
6 necessary to pay to each eligible student (defined in
7 accordance with section 484) who files an applica-
8 tion and agreement in accordance with section 233,
9 and qualifies under subsection (a)(2) of such section,
10 a TEACH Grant in the amount of \$4,000 for each
11 academic year during which that student is in at-
12 tendance at an institution of higher education.

13 “(2) REFERENCE.—Grants made under this
14 part shall be known as ‘Teacher Education Assist-
15 ance for College and Higher Education Grants’ or
16 ‘TEACH Grants’.

17 “(b) PAYMENT METHODOLOGY.—

18 “(1) PREPAYMENT.—Not less than 85 percent
19 of such sums shall be advanced to eligible institu-
20 tions prior to the start of each payment period and
21 shall be based upon an amount requested by the in-
22 stitution as needed to pay eligible students until
23 such time as the Secretary determines and publishes
24 in the Federal Register with an opportunity for com-
25 ment, an alternative payment system that provides
26 payments to institutions in an accurate and timely

1 manner, except that this sentence shall not be con-
2 strued to limit the authority of the Secretary to
3 place an institution on a reimbursement system of
4 payment.

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

12 “(3) DISTRIBUTION OF GRANTS TO STU-
13 DENTS.—Payments under this part shall be made, in
14 accordance with regulations promulgated by the Sec-
15 retary for such purpose, in such manner as will best
16 accomplish the purpose of this part. Any disburse-
17 ment allowed to be made by crediting the student’s
18 account shall be limited to tuition and fees and, in
19 the case of institutionally owned housing, room and
20 board. The student may elect to have the institution
21 provide other such goods and services by crediting
22 the student’s account.

23 “(c) REDUCTIONS IN AMOUNT.—

24 “(1) PART TIME STUDENTS.—In any case
25 where a student attends an institution of higher edu-

1 cation on less than a full-time basis (including a stu-
2 dent who attends an institution of higher education
3 on less than a half-time basis) during any academic
4 year, the amount of the TEACH Grant for which
5 that student is eligible shall be reduced in proportion
6 to the degree to which that student is not so attend-
7 ing on a full-time basis, in accordance with a sched-
8 ule of reductions established by the Secretary for the
9 purposes of this part, computed in accordance with
10 this part. Such schedule of reductions shall be estab-
11 lished by regulation and published in the Federal
12 Register in accordance with section 482 of this Act.

13 “(2) NO EXCEEDING COST.—No TEACH Grant
14 under this part shall exceed the the cost of attend-
15 ance (as defined in section 472) at the institution at
16 which that student is in attendance. If, with respect
17 to any student, it is determined that the amount of
18 a TEACH Grant exceeds the cost of attendance for
19 that year, the amount of the TEACH Grant shall be
20 reduced until the TEACH Grant does not exceed the
21 cost of attendance at such institution.

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

23 “(1) UNDERGRADUATE STUDENTS.—The period
24 during which an undergraduate student may receive
25 TEACH Grants shall be the period required for the

1 completion of the first undergraduate baccalaureate
2 course of study being pursued by that student at the
3 institution at which the student is in attendance ex-
4 cept that—

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

9 “(B) the total amount that a student may
10 receive under this part for undergraduate study
11 shall not exceed \$16,000.

12 “(2) GRADUATE STUDENTS.—The period dur-
13 ing which a graduate student may receive TEACH
14 Grants shall be the period required for the comple-
15 tion of a master’s degree course of study being pur-
16 sued by that student at the institution at which the
17 student is in attendance, except that the total
18 amount that a student may receive under this part
19 for graduate study shall not exceed \$8,000.

20 “(3) REMEDIAL COURSE; STUDY ABROAD.—
21 Nothing in this section shall exclude from eligibility
22 courses of study which are noncredit or remedial in
23 nature (including courses in English language acqui-
24 sition) which are determined by the institution to be
25 necessary to help the student be prepared for the

1 pursuit of a first undergraduate baccalaureate de-
2 gree or certificate or, in the case of courses in
3 English language instruction, to be necessary to en-
4 able the student to utilize already existing knowl-
5 edge, training, or skills. Nothing in this section shall
6 exclude from eligibility programs of study abroad
7 that are approved for credit by the home institution
8 at which the student is enrolled.

9 **“SEC. 233. ELIGIBILITY AND APPLICATIONS FOR GRANTS.**

10 “(a) APPLICATIONS; DEMONSTRATION OF ELIGI-
11 BILITY.—

12 “(1) FILING REQUIRED.—The Secretary shall
13 from time to time set dates by which students shall
14 file applications for TEACH Grants under this part.
15 Each student desiring a TEACH Grant for any year
16 shall file an application therefore containing such in-
17 formation and assurances as the Secretary may
18 deem necessary to enable the Secretary to carry out
19 the functions and responsibilities of this part.

20 “(2) DEMONSTRATION OF ELIGIBILITY.—Each
21 such application shall contain such information as is
22 necessary to demonstrate that—

23 “(A) if the applicant is an enrolled stu-
24 dent—

1 “(i) the student is an eligible student
2 for purposes of section 484 (other than
3 subsection (r) of such section);

4 “(ii) the student—

5 “(I) has a grade point average
6 that is determined, under standards
7 prescribed by the Secretary, to be
8 comparable to a 3.25 average on a
9 zero to 4.0 scale, except that, if the
10 student is in the first year of a pro-
11 gram of undergraduate education,
12 such grade point average shall be de-
13 termined on the basis of the student’s
14 cumulative high school grade point av-
15 erage; or

16 “(II) displayed high academic ap-
17 titude by receiving a score above the
18 75th percentile on at least one of the
19 batteries in a undergraduate or grad-
20 uate school admissions test; and

21 “(iii) the student is completing
22 coursework and other requirements nec-
23 essary to begin a career in teaching, or
24 plans to complete such coursework and re-
25 quirements prior to graduating; or

1 “(B) if the applicant is a current or pro-
2 spective teacher applying for a grant to obtain
3 a graduate degree—

4 “(i) the applicant is a teacher or a re-
5 tiree from another occupation with exper-
6 tise in a field in which there is a shortage
7 of teachers, such as math, science, special
8 education, English language acquisition, or
9 another high-need subject; or

10 “(ii) the applicant is or was a teacher
11 who is using high-quality alternative cer-
12 tification routes, such as Teach for Amer-
13 ica, to get certified.

14 “(b) AGREEMENTS TO SERVE.—Each application
15 under subsection (a) shall contain or be accompanied by
16 an agreement by the applicant that—

17 “(1) the applicant will—

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

23 “(B) teach—

24 “(i) in a school described in section
25 465(a)(2)(A); and

1 “(ii) in any of the following fields:
2 mathematics, science, a foreign language,
3 bilingual education, or special education, or
4 as a reading specialist, or another field
5 documented as high-need by the Federal
6 Government, State government, or local
7 education agency and submitted to the
8 Secretary;

9 “(C) submit evidence of such employment
10 in the form of a certification by the chief ad-
11 ministrative officer of the school upon comple-
12 tion of each year of such service; and

13 “(D) comply with the requirements for
14 being a highly qualified teacher as defined in
15 section 9101 of the Elementary and Secondary
16 Education Act of 1965; and

17 “(2) in the event that the applicant is deter-
18 mined to have failed or refused to carry out such
19 service obligation, the sum of the amounts of such
20 Grants will be treated as a loan and collected from
21 the applicant in accordance with subsection (c) and
22 the regulations thereunder.

23 “(c) REPAYMENT FOR FAILURE TO COMPLETE SERV-
24 ICE.—In the event that any recipient of an TEACH Grant
25 fails or refuses to comply with the service obligation in

1 the agreement under subsection (b), the sum of the
2 amounts of such Grants provided to such recipient shall
3 be treated as a Direct Loan under part D of title IV, and
4 shall be subject to repayment in accordance with terms
5 and conditions specified by the Secretary in regulations
6 under this part.”.

7 (b) RECRUITING TEACHERS WITH MATH, SCIENCE,
8 OR LANGUAGE MAJOR.—Title II of the Higher Education
9 Act of 1965 is further amended by adding after part C
10 (as added by subsection (a)) the following new part:

11 **“PART D—RECRUITING TEACHERS WITH MATH,**
12 **SCIENCE, OR LANGUAGE MAJORS**

13 **“SEC. 241. PROGRAM AUTHORIZED.**

14 “(a) GRANTS AUTHORIZED.—From the amounts ap-
15 propriated under section 242, the Secretary shall make
16 competitive grants to institutions of higher education to
17 improve the availability and recruitment of teachers from
18 among students majoring in math, science, foreign lan-
19 guages, special education, or teaching the English lan-
20 guage to students with limited English proficiency. In
21 making such grants, the Secretary shall give priority to
22 programs that focus on preparing teachers in subjects in
23 which there is a shortage of highly qualified teachers and
24 that prepare students to teach in high-need schools.

1 “(b) APPLICATION.—Any institution of higher edu-
2 cation desiring to obtain a grant under this part shall sub-
3 mit to the Secretary an application at such time, in such
4 form, and containing such information and assurances as
5 the Secretary may require, which shall—

6 “(1) include reporting on baseline production of
7 teachers with expertise in math, science, a foreign
8 language, or teaching English language learners;
9 and

10 “(2) establish a goal and timeline for increasing
11 the number of such teachers who are prepared by
12 the institution.

13 “(c) USE OF FUNDS.—Funds made available by
14 grant under this part—

15 “(1) shall be used to create new recruitment in-
16 centives to teaching from other majors, with an em-
17 phasis on high-need subjects such as math, science,
18 foreign languages, and teaching the English lan-
19 guage to students with limited English proficiency;

20 “(2) may be used to upgrade curriculum in
21 order to provide all students studying to become
22 teachers with high-quality instructional strategies for
23 teaching reading and teaching the English language
24 to students with limited English proficiency, and for

1 modifying instruction to teach students with special
2 needs;

3 “(3) may be used to integrate school of edu-
4 cation faculty with other arts and science faculty in
5 math, science, foreign languages, and teaching the
6 English language to students with limited English
7 proficiency through steps such as—

8 “(A) dual appointments for faculty be-
9 tween schools of education and schools of arts
10 and science; and

11 “(B) integrating coursework with clinical
12 experience; and

13 “(4) may be used to develop strategic plans be-
14 tween schools of education and local school districts
15 to better prepare teachers for high-need schools, in-
16 cluding the creation of professional development
17 partnerships for training new teachers in state-of-
18 the-art practice.

19 **“SEC. 242. AUTHORIZATION OF APPROPRIATIONS.**

20 “There are authorized to be appropriated to make
21 grants under this part \$200,000,000 for fiscal year 2006
22 and such sums as may be necessary for each of the 5 suc-
23 ceeding fiscal years.”.

1 (c) PART A AUTHORIZATION.—Section 210 of the
 2 Higher Education Act of 1965 (20 U.S.C. 1030) is
 3 amended—

4 (1) by striking “\$300,000,000 for fiscal year
 5 1999” and inserting “\$400,000,000 for fiscal year
 6 2006”; and

7 (2) by striking “4 succeeding” and inserting “5
 8 succeeding”.

9 **SEC. 202. TEACHER QUALITY ENHANCEMENT GRANTS.**

10 Part A of title II of the Higher Education Act of
 11 1965 is amended by striking sections 206 through 209
 12 (20 U.S.C. 1026–1029) and inserting the following:

13 **“SEC. 206. ACCOUNTABILITY AND EVALUATION.**

14 “(a) STATE GRANT ACCOUNTABILITY REPORT.—An
 15 eligible State that receives a grant under section 202 shall
 16 submit an annual accountability report to the Secretary,
 17 the Committee on Health, Education, Labor, and Pen-
 18 sions of the Senate, and the Committee on Education and
 19 the Workforce of the House of Representatives. Such re-
 20 port shall include a description of the degree to which the
 21 eligible State, in using funds provided under such section,
 22 has made substantial progress in meeting the following
 23 goals:

24 “(1) PERCENTAGE OF HIGHLY QUALIFIED
 25 TEACHERS.—Increasing the percentage of highly

1 qualified teachers in the State as required by section
2 1119 of the Elementary and Secondary Education
3 Act of 1965 (20 U.S.C. 6319).

4 “(2) STUDENT ACADEMIC ACHIEVEMENT.—In-
5 creasing student academic achievement for all stu-
6 dents, which may be measured through the use of
7 value-added assessments, as defined by the eligible
8 State.

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

12 “(4) INITIAL CERTIFICATION OR LICENSURE.—
13 Increasing success in the pass rate for initial State
14 teacher certification or licensure, or increasing the
15 numbers of qualified individuals being certified or li-
16 censed as teachers through alternative routes to cer-
17 tification and licensure.

18 “(5) DECREASING TEACHER SHORTAGES.—De-
19 creasing shortages of highly qualified teachers in
20 poor urban and rural areas.

21 “(6) INCREASING OPPORTUNITIES FOR RE-
22 SEARCH-BASED PROFESSIONAL DEVELOPMENT.—In-
23 creasing opportunities for enhanced and ongoing
24 professional development that—

1 “(A) improves the academic content knowl-
2 edge of teachers in the subject areas in which
3 the teachers are certified or licensed to teach or
4 in which the teachers are working toward cer-
5 tification or licensure to teach; and

6 “(B) promotes strong teaching skills.

7 “(7) TECHNOLOGY INTEGRATION.—Increasing
8 the number of teachers prepared effectively to inte-
9 grate technology into curricula and instruction and
10 who use technology to collect, manage, and analyze
11 data to improve teaching, learning, and parental in-
12 volvement decisionmaking for the purpose of increas-
13 ing student academic achievement.

14 “(b) ELIGIBLE PARTNERSHIP EVALUATION.—Each
15 eligible partnership applying for a grant under section 203
16 shall establish, and include in the application submitted
17 under section 203(c), an evaluation plan that includes
18 strong performance objectives. The plan shall include ob-
19 jectives and measures for—

20 “(1) increased student achievement for all stu-
21 dents, as measured by the partnership;

22 “(2) increased teacher retention in the first 3
23 years of a teacher’s career;

24 “(3) increased success in the pass rate for ini-
25 tial State certification or licensure of teachers;

1 “(4) increased percentage of highly qualified
2 teachers; and

3 “(5) increasing the number of teachers trained
4 effectively to integrate technology into curricula and
5 instruction and who use technology to collect, man-
6 age, and analyze data to improve teaching, learning,
7 and decisionmaking for the purpose of improving
8 student academic achievement.

9 “(c) REVOCATION OF GRANT.—

10 “(1) REPORT.—Each eligible State or eligible
11 partnership receiving a grant under section 202 or
12 203 shall report annually on the progress of the eli-
13 gible State or eligible partnership toward meeting
14 the purposes of this part and the goals, objectives,
15 and measures described in subsections (a) and (b).

16 “(2) REVOCATION.—

17 “(A) ELIGIBLE STATES AND ELIGIBLE AP-
18 PPLICANTS.—If the Secretary determines that an
19 eligible State or eligible applicant is not making
20 substantial progress in meeting the purposes,
21 goals, objectives, and measures, as appropriate,
22 by the end of the second year of a grant under
23 this part, then the grant payment shall not be
24 made for the third year of the grant.

1 “(B) ELIGIBLE PARTNERSHIPS.—If the
2 Secretary determines that an eligible partner-
3 ship is not making substantial progress in
4 meeting the purposes, goals, objectives, and
5 measures, as appropriate, by the end of the
6 third year of a grant under this part, then the
7 grant payments shall not be made for any suc-
8 ceeding year of the grant.

9 “(d) EVALUATION AND DISSEMINATION.—The Sec-
10 retary shall evaluate the activities funded under this part
11 and report annually the Secretary’s findings regarding the
12 activities to the Committee on Health, Education, Labor,
13 and Pensions of the Senate and the Committee on Edu-
14 cation and the Workforce of the House of Representatives.
15 The Secretary shall broadly disseminate successful prac-
16 tices developed by eligible States and eligible partnerships
17 under this part, and shall broadly disseminate information
18 regarding such practices that were found to be ineffective.

19 **“SEC. 207. ACCOUNTABILITY FOR PROGRAMS THAT PRE-**
20 **PARE TEACHERS.**

21 “(a) STATE REPORT CARD ON THE QUALITY OF
22 TEACHER AND PRINCIPAL PREPARATION.—Each State
23 that receives funds under this Act shall provide to the Sec-
24 retary annually, in a uniform and comprehensible manner
25 that conforms with the definitions and methods estab-

1 lished by the Secretary, a State report card on the quality
2 of teacher preparation in the State, both for traditional
3 certification or licensure programs and for alternative cer-
4 tification or licensure programs, which shall include at
5 least the following:

6 “(1) A description of the teacher and principal
7 certification and licensure assessments, and any
8 other certification and licensure requirements, used
9 by the State.

10 “(2) The standards and criteria that prospec-
11 tive teachers and principals must meet in order to
12 attain initial teacher and principal certification or li-
13 censure and to be certified or licensed to teach par-
14 ticular subjects or in particular grades within the
15 State.

16 “(3) A demonstration of the extent to which the
17 assessments and requirements described in para-
18 graph (1) are aligned with the State’s standards and
19 assessments for students.

20 “(4) The percentage of students who have com-
21 pleted at least 50 percent of the requirements for a
22 teacher preparation program at an institution of
23 higher education or alternative certification program
24 and who have taken and passed each of the assess-
25 ments used by the State for teacher certification and

1 licensure, and the passing score on each assessment
2 that determines whether a candidate has passed that
3 assessment.

4 “(5) For students who have completed at least
5 50 percent of the requirements for a teacher prepa-
6 ration program at an institution of higher education
7 or alternative certification program, and who have
8 taken and passed each of the assessments used by
9 the State for teacher certification and licensure,
10 each such institution’s and each such program’s av-
11 erage raw score, ranked by teacher preparation pro-
12 gram, which shall be made available widely and pub-
13 licly.

14 “(6) A description of each State’s alternative
15 routes to teacher certification, if any, and the num-
16 ber and percentage of teachers certified through
17 each alternative certification route who pass State
18 teacher certification or licensure assessments.

19 “(7) For each State, a description of proposed
20 criteria for assessing the performance of teacher and
21 principal preparation programs in the State, includ-
22 ing indicators of teacher and principal candidate
23 skills, placement and retention rates (to the extent
24 feasible), and academic content knowledge and evi-
25 dence of gains in student academic achievement.

1 “(8) For each teacher preparation program in
2 the State, the number of students in the program,
3 the number of minority students in the program, the
4 average number of hours of supervised practice
5 teaching required for those in the program, and the
6 number of full-time equivalent faculty, adjunct fac-
7 ulty, and students in supervised practice teaching.

8 “(9) For the State as a whole, and for each
9 teacher preparation program in the State, the num-
10 ber of teachers prepared, in the aggregate and re-
11 ported separately by—

12 “(A) number of minority students;

13 “(B) level (elementary or secondary);

14 “(C) academic major;

15 “(D) subject or subjects for which the stu-
16 dent has been prepared to teach; and

17 “(E) teacher candidates who speak a lan-
18 guage other than English and have been trained
19 specifically to teach English-language learners.

20 “(10) The State shall refer to the data gen-
21 erated for paragraph (9) to report on the extent to
22 which teacher preparation programs are helping to
23 address shortages of qualified teachers, by level, sub-
24 ject, and specialty, in the State’s public schools, es-

1 pecially in poor urban and rural areas as required by
2 section 206(a)(5).

3 “(b) REPORT OF THE SECRETARY ON THE QUALITY
4 OF TEACHER PREPARATION.—

5 “(1) REPORT CARD.—The Secretary shall pro-
6 vide to Congress, and publish and make widely avail-
7 able, a report card on teacher qualifications and
8 preparation in the United States, including all the
9 information reported in paragraphs (1) through (11)
10 of subsection (a). Such report shall identify States
11 for which eligible States and eligible partnerships re-
12 ceived a grant under this part. Such report shall be
13 so provided, published and made available annually.

14 “(2) REPORT TO CONGRESS.—The Secretary
15 shall report to Congress—

16 “(A) a comparison of States efforts to im-
17 prove teaching quality; and

18 “(B) regarding the national mean and me-
19 dian scores on any standardized test that is
20 used in more than 1 State for teacher certifi-
21 cation or licensure.

22 “(3) SPECIAL RULE.—In the case of programs
23 with fewer than 10 students who have completed at
24 least 50 percent of the requirements for a teacher
25 preparation program taking any single initial teacher

1 certification or licensure assessment during an aca-
2 demic year, the Secretary shall collect and publish
3 information with respect to an average pass rate on
4 State certification or licensure assessments taken
5 over a 3-year period.

6 “(c) COORDINATION.—The Secretary, to the extent
7 practicable, shall coordinate the information collected and
8 published under this part among States for individuals
9 who took State teacher certification or licensure assess-
10 ments in a State other than the State in which the indi-
11 vidual received the individual’s most recent degree.

12 “(d) INSTITUTION AND PROGRAM REPORT CARDS ON
13 QUALITY OF TEACHER PREPARATION.—

14 “(1) REPORT CARD.—Each institution of higher
15 education or alternative certification program that
16 conducts a teacher preparation program that enrolls
17 students receiving Federal assistance under this Act
18 shall report annually to the State and the general
19 public, in a uniform and comprehensible manner
20 that conforms with the definitions and methods es-
21 tablished by the Secretary, both for traditional cer-
22 tification or licensure programs and for alternative
23 certification or licensure programs, the following in-
24 formation, disaggregated by major racial and ethnic
25 groups:

1 “(A) PASS RATE.—(i) For the most recent
2 year for which the information is available, the
3 pass rate of each student who has completed at
4 least 50 percent of the requirements for the
5 teacher preparation program on the teacher cer-
6 tification or licensure assessments of the State
7 in which the institution is located, but only for
8 those students who took those assessments
9 within 3 years of receiving a degree from the
10 institution or completing the program.

11 “(ii) A comparison of the institution or
12 program’s pass rate for students who have com-
13 pleted at least 50 percent of the requirements
14 for the teacher preparation program with the
15 average pass rate for institutions and programs
16 in the State.

17 “(iii) A comparison of the institution or
18 program’s average raw score for students who
19 have completed at least 50 percent of the re-
20 quirements for the teacher preparation program
21 with the average raw scores for institutions and
22 programs in the State.

23 “(iv) In the case of programs with fewer
24 than 10 students who have completed at least
25 50 percent of the requirements for a teacher

1 preparation program taking any single initial
2 teacher certification or licensure assessment
3 during an academic year, the institution shall
4 collect and publish information with respect to
5 an average pass rate on State certification or li-
6 censure assessments taken over a 3-year period.

7 “(v) A report on the number of times can-
8 didates have to take the test before passing.

9 “(B) PROGRAM INFORMATION.—The num-
10 ber of students in the program, the average
11 number of hours of supervised practice teaching
12 required for those in the program, and the
13 number of full-time equivalent faculty and stu-
14 dents in supervised practice teaching.

15 “(C) STATEMENT.—In States that require
16 approval or accreditation of teacher education
17 programs, a statement of whether the institu-
18 tion’s program is so approved or accredited,
19 and by whom.

20 “(D) DESIGNATION AS LOW-PER-
21 FORMING.—Whether the program has been des-
22 ignated as low-performing by the State under
23 section 208(a).

24 “(2) REQUIREMENT.—The information de-
25 scribed in paragraph (1) shall be reported through

1 publications such as school catalogs and promotional
 2 materials sent to potential applicants, secondary
 3 school guidance counselors, and prospective employ-
 4 ers of the institution’s program graduates, including
 5 materials sent by electronic means.

6 “(3) FINES.—In addition to the actions author-
 7 ized in section 487(c), the Secretary may impose a
 8 fine not to exceed \$25,000 on an institution of high-
 9 er education for failure to provide the information
 10 described in this subsection in a timely or accurate
 11 manner.

12 “(e) DATA QUALITY.—Either—

13 “(1) the Governor of the State; or

14 “(2) in the case of a State for which the con-
 15 stitution or law of such State designates another in-
 16 dividual, entity, or agency in the State to be respon-
 17 sible for teacher certification and preparation activ-
 18 ity, such individual, entity, or agency;

19 shall attest annually, in writing, as to the reliability, valid-
 20 ity, integrity, and accuracy of the data submitted pursuant
 21 to this section.

22 **“SEC. 208. STATE FUNCTIONS.**

23 “(a) STATE ASSESSMENT.—In order to receive funds
 24 under this Act, a State shall have in place a procedure
 25 to identify and assist, through the provision of technical

1 assistance, low-performing programs of teacher prepara-
2 tion within institutions of higher education. Such State
3 shall provide the Secretary an annual list of such low-per-
4 forming institutions that includes an identification of
5 those institutions at risk of being placed on such list. Such
6 levels of performance shall be determined solely by the
7 State and may include criteria based upon information col-
8 lected pursuant to this part. Such assessment shall be de-
9 scribed in the report under section 207(a). A State receiv-
10 ing Federal funds under this title shall develop plans to
11 close or reconstitute underperforming programs of teacher
12 preparation within institutions of higher education.

13 “(b) TERMINATION OF ELIGIBILITY.—Any institu-
14 tion of higher education that offers a program of teacher
15 preparation in which the State has withdrawn the State’s
16 approval or terminated the State’s financial support due
17 to the low performance of the institution’s teacher prepa-
18 ration program based upon the State assessment described
19 in subsection (a)—

20 “(1) shall be ineligible for any funding for pro-
21 fessional development activities awarded by the De-
22 partment of Education; and

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

1 **“SEC. 209. GENERAL PROVISIONS.**

2 “In complying with sections 207 and 208, the Sec-
3 retary shall ensure that States and institutions of higher
4 education use fair and equitable methods in reporting and
5 that the reporting methods do not allow identification of
6 individuals.”.

7 **TITLE III—ENHANCING**
8 **COLLEGE OUTREACH**

9 **SEC. 301. FEDERAL TRIO PROGRAM.**

10 (a) TRIO DURATION OF GRANT.—Section 402A(b)
11 (20 U.S.C. 1070a–11(b)) is amended by striking para-
12 graph (2) and inserting the following:

13 “(2) DURATION.—Grants or contracts made
14 under this chapter shall be awarded for a period of
15 5 years, except that—

16 “(A) grants made under section 402G shall
17 be awarded for a period of 2 years; and

18 “(B) grants under section 402H shall be
19 awarded for a period determined by the Sec-
20 retary.”.

21 (b) MINIMUM GRANTS.—Section 402A(b)(3) is
22 amended—

23 (1) by striking “\$170,000” and inserting
24 “\$200,000”;

25 (2) by striking “\$180,000” and inserting
26 “\$210,000”; and

1 (3) by striking “\$190,000” and inserting
2 “\$220,000”.

3 (c) MAXIMUM UPWARD BOUND STIPENDS.—Section
4 402C(e) (20 U.S.C. 1070a–13(e)) is amended—

5 (1) by striking “\$60” and inserting “\$100”;
6 and

7 (2) by striking “\$40” and inserting “\$60”.

8 (d) MAXIMUM MCNAIR STIPENDS.—Section
9 402E(e)(1) (20 U.S.C. 1070a–15(e)(1)) is amended by
10 striking “\$2,800” and inserting “\$5,000”.

11 **SEC. 302. GEARUP.**

12 (a) CURRENT GRANTEES.—Section 404A(b)(1) (20
13 U.S.C. 1070a–21(b)(1)) is amended—

14 (1) by inserting “6-year” after “shall make”;
15 and

16 (2) by adding at the end the following: “An eli-
17 gible entity that has received an award under this
18 section, has performed successfully, and still has a
19 need for an award may apply for an additional
20 award under this section.”.

21 (b) ELIGIBLE ENTITY PLANS.—Section 404C(a)(2)
22 (20 U.S.C. 1070a–23(a)(2)) is amended—

23 (1) by striking “and” at the end of subpara-
24 graph (A);

1 (2) by redesignating subparagraph (B) as sub-
2 paragraph (C); and

3 (3) by inserting after subparagraph (A) the fol-
4 lowing new subparagraph:

5 “(B) describe activities for coordinating,
6 complementing, and enhancing services under
7 this chapter provided by other eligible entities
8 in the State; and”.

9 **SEC. 303. LEVERAGING EDUCATIONAL ASSISTANCE PART-**
10 **NERSHIP.**

11 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
12 415A(b)(1) (20 U.S.C. 1070c(b)(1)) is amended—

13 (1) by striking “\$105,000,000 for fiscal year
14 1999” and inserting “\$200,000,000 for fiscal year
15 2004”; and

16 (2) by striking “4 succeeding fiscal years” and
17 inserting “5 succeeding fiscal years”.

18 (b) MAXIMUM GRANT.—Section 415C(b)(2) (20
19 U.S.C. 1070c–2(b)(2)) is amended by striking “\$5,000”
20 and inserting “\$12,500”.

1 **TITLE IV—OPPORTUNITIES AT**
2 **HISPANIC-SERVING COL-**
3 **LEGES AND UNIVERSITIES**

4 **SEC. 401. POSTBACCALAUREATE OPPORTUNITIES FOR HIS-**
5 **PANIC AMERICANS.**

6 (a) ESTABLISHMENT OF PROGRAM.—Title V of the
7 Higher Education Act is amended—

8 (1) by redesignating part B as part C;

9 (2) by redesignating section 511 through 518
10 as sections 521 through 528, respectively; and

11 (3) inserting after section 505 (20 U.S.C.
12 1101d) the following new part:

13 **“PART B—PROMOTING POSTBACCALAUREATE**
14 **OPPORTUNITIES FOR HISPANIC AMERICANS**

15 **“SEC. 511. FINDINGS AND PURPOSES.**

16 “(a) FINDINGS.—Congress finds the following:

17 “(1) According to the United States Census, by
18 the year 2050 one in four Americans will be of His-
19 panic origin.

20 “(2) Despite the dramatic increase in the His-
21 panic population in the United States, the National
22 Center for Education Statistics reported that in
23 1999, Hispanics accounted for only 4 percent of the
24 master’s degrees, 3 percent of the doctor’s degrees,

1 and 5 percent of first-professional degrees awarded
2 in the United States.

3 “(3) Although Hispanics constitute 10 percent
4 of the college enrollment in the United States, they
5 comprise 3 only percent of instructional faculty in
6 college and universities.

7 “(4) The future capacity for research and ad-
8 vanced study in the United States will require in-
9 creasing the number of Hispanics pursuing
10 postbaccalaureate studies.

11 “(5) Hispanic-serving institutions are leading
12 the nation in increasing the number of Hispanics at-
13 taining graduate and professional degrees.

14 “(6) Among Hispanics who received master’s
15 degrees in 1999–2000, 25 percent earned them at
16 Hispanic-serving institutions.

17 “(7) Between 1991 and 2000, the number of
18 Hispanic students earning master’s degrees at His-
19 panic-serving institutions grew 136 percent, the
20 number receiving doctor’s degrees grew by 85 per-
21 cent, and the number earning first-professional de-
22 grees grew by 47 percent.

23 “(8) It is in the National interest to expand the
24 capacity of Hispanic-serving institutions to offer
25 graduate and professional degree programs.

1 “(b) PURPOSES.—The purposes of this part are—

2 “(1) to expand postbaccalaureate educational
3 opportunities for, and improve the academic attain-
4 ment of, Hispanic students; and

5 “(2) to expand and enhance the
6 postbaccalaureate academic offerings, program qual-
7 ity, that are educating the majority of Hispanic col-
8 lege students and helping large numbers of Hispanic
9 students and other low-income individuals complete
10 postsecondary degrees.

11 **“SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.**

12 “(a) PROGRAM AUTHORIZED.—Subject to the avail-
13 ability of funds appropriated to carry out this part, the
14 Secretary shall award competitive grants to Hispanic-serv-
15 ing institutions that offer postbaccalaureate certifications
16 or degrees.

17 “(b) ELIGIBILITY.—For the purposes of this part, an
18 ‘eligible institution’ means an institution of higher edu-
19 cation that—

20 “(1) is an eligible institution under section 502;
21 and

22 “(2) offers a postbaccalaureate certificate or de-
23 gree granting program.

1 **“SEC. 513. AUTHORIZED ACTIVITIES.**

2 “Grants awarded under this part shall be used for
3 one or more of the following activities:

4 “(1) Purchase, rental, or lease of scientific or
5 laboratory equipment for educational purposes, in-
6 cluding instructional and research purposes.

7 “(2) Construction, maintenance, renovation,
8 and improvement in classroom, library, laboratory,
9 and other instructional facilities, including purchase
10 or rental of telecommunications technology equip-
11 ment or services.

12 “(3) Purchase of library books, periodicals,
13 technical and other scientific journals, microfilm,
14 microfiche, and other educational materials, includ-
15 ing telecommunications program materials.

16 “(4) Support for needy postbaccalaureate stu-
17 dents including outreach, academic support services,
18 mentoring, scholarships, fellowships, and other fi-
19 nancial assistance to permit the enrollment of such
20 students in postbaccalaureate certificate and degree
21 granting programs.

22 “(5) Support of faculty exchanges, faculty de-
23 velopment, faculty research, curriculum development,
24 and academic instruction.

25 “(6) Creating or improving facilities for Inter-
26 net or other distance learning academic instruction

1 capabilities, including purchase or rental of tele-
2 communications technology equipment or services.

3 “(7) Collaboration with other institutions of
4 higher education to expand postbaccalaureate certifi-
5 cate and degree offerings.

6 “(8) Other activities proposed in the application
7 submitted pursuant to section 514 that—

8 “(A) contribute to carrying out the pur-
9 poses of this part; and

10 “(B) are approved by the Secretary as part
11 of the review and acceptance of such applica-
12 tion.

13 **“SEC. 514. APPLICATION AND DURATION.**

14 “(a) APPLICATION.—Any eligible institution may
15 apply for a grant under this part by submitting an applica-
16 tion to the Secretary at such time and in such manner
17 as determined by the Secretary. Such application shall
18 demonstrate how the grant funds will be used to improve
19 postbaccalaureate education opportunities for Hispanic
20 and low-income students and will lead to greater financial
21 independence.

22 “(b) DURATION.—Grants under this part shall be
23 awarded for a period not to exceed 5 years.

1 “(c) LIMITATION.—The Secretary shall not award
2 more than 1 grant under this part in any fiscal year to
3 any Hispanic-serving institution.”.

4 (b) COOPERATIVE ARRANGEMENTS.—Section 524 of
5 such Act (as redesignated by subsection (a)(2)) (20 U.S.C.
6 1103c) is amended by inserting “and section 513” after
7 “section 503”.

8 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS FOR HIS-**
9 **PANIC SERVING INSTITUTIONS.**

10 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-
11 section (a) of section 528 of such Act (as redesignated
12 by section 401(a)(2)) (20 U.S.C. 1103g) is amended to
13 read as follows:

14 “(a) AUTHORIZATIONS.—

15 “(1) PART A.—There are authorized to be ap-
16 propriated to carry out part A of this title
17 \$175,000,000 for fiscal year 2005 and such sums as
18 may be necessary for each of the 5 succeeding fiscal
19 years.

20 “(2) PART B.—There are authorized to be ap-
21 propriated to carry out part B of this title
22 \$125,000,000 for fiscal year 2005 and such sums as
23 may be necessary for each of the 5 succeeding fiscal
24 years.”.

1 (b) DEFINITIONS.—Section 502(a) of the Higher
2 Education Act of 1965 (20 U.S.C. 1101a(a)) is amend-
3 ed—

4 (1) in paragraph (5)—

5 (A) by inserting “and” after the semicolon
6 at the end of subparagraph (A);

7 (B) by striking “; and” at the end of sub-
8 paragraph (B) and inserting a period; and

9 (C) by striking subparagraph (C); and

10 (2) by striking paragraph (7).

11 (c) REDUCING REGULATORY BARRIERS FOR HIS-
12 PANIC-SERVING INSTITUTIONS.—Section 503(b) of the
13 Higher Education Act of 1965 (20 U.S.C. 1101b(a)) is
14 amended by striking paragraph (7) and inserting the fol-
15 lowing:

16 “(7) Articulation agreements and student sup-
17 port programs designed to facilitate the transfer
18 from two-year to four-year institutions.”.

19 (d) ELIMINATION OF WAIT-OUT PERIOD.—Sub-
20 section (a) of section 504 of the Higher Education Act
21 of 1965 (20 U.S.C. 1101c(a)) is amended to read as fol-
22 lows:

23 “(a) AWARD PERIOD.—The Secretary may award a
24 grant to a Hispanic-serving institution under this title for
25 5 years.”.

1 (e) APPLICATION PRIORITY.—Section 521(d) of the
 2 Higher Education Act of 1965 (as redesignated by section
 3 401(a)(2)) (20 U.S.C. 1103(d)) is amended by striking
 4 “(from funds other than funds provided under this title)”.

5 **TITLE V—HISTORICALLY BLACK**
 6 **COLLEGES AND UNIVERSITIES**

7 **SEC. 501. CENTERS OF EXCELLENCE.**

8 Title II is amended by inserting after part D as
 9 added by section 201 of this Act the following new part:

10 **“PART E—CENTERS OF EXCELLENCE**

11 **“SEC. 251. PURPOSES; DEFINITIONS.**

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

13 “(1) to help recruit and prepare teachers, in-
 14 cluding minority teachers, to meet the national de-
 15 mand for a highly qualified teacher in every class-
 16 room; and

17 “(2) to increase opportunities for Americans of
 18 all educational, ethnic, class, and geographic back-
 19 grounds to become highly qualified teachers.

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

21 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
 22 ble institution’ means—

23 “(A) an institution of higher education
 24 that has a teacher preparation program that

1 meets the requirements of section 203(b)(2)
2 and that is—

3 “(i) a part B institution (as defined in
4 section 322);

5 “(ii) a Hispanic-serving institution (as
6 defined in section 502);

7 “(iii) a Tribal College or University
8 (as defined in section 316);

9 “(iv) an Alaska Native-serving institu-
10 tion (as defined in section 317(b)); or

11 “(v) a Native Hawaiian-serving insti-
12 tution (as defined in section 317(b));

13 “(B) a consortium of institutions described
14 in subparagraph (A); or

15 “(C) an institution described in subpara-
16 graph (A), or a consortium described in sub-
17 paragraph (B), in partnership with any other
18 institution of higher education, but only if the
19 center of excellence established under section
20 252 is located at an institution described in
21 subparagraph (A).

22 “(2) HIGHLY QUALIFIED.—The term ‘highly
23 qualified’ has the meaning given such term in sec-
24 tion 9101 of the Elementary and Secondary Edu-
25 cation Act of 1965 (20 U.S.C. 7801).

1 “(3) SCIENTIFICALLY BASED READING RE-
2 SEARCH.—The term ‘scientifically based reading re-
3 search’ has the meaning given such term in section
4 1208 of the Elementary and Secondary Education
5 Act of 1965 (20 U.S.C. 6368).

6 “(4) SCIENTIFICALLY BASED RESEARCH.—The
7 term ‘scientifically based research’ has the meaning
8 given such term in section 9101 of the Elementary
9 and Secondary Education Act of 1965 (20 U.S.C.
10 7801).

11 **“SEC. 252. CENTERS OF EXCELLENCE.**

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

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

20 “(1) Implementing reforms within teacher prep-
21 aration programs to ensure that such programs are
22 preparing teachers who are highly qualified, are able
23 to understand scientifically based research, and are
24 able to use advanced technology effectively in the

1 classroom, including use for instructional techniques
2 to improve student academic achievement, by—

3 “(A) retraining faculty; and

4 “(B) designing (or redesigning) teacher
5 preparation programs that—

6 “(i) prepare teachers to close student
7 achievement gaps, are based on rigorous
8 academic content, scientifically based re-
9 search (including scientifically based read-
10 ing research), and challenging State stu-
11 dent academic content standards; and

12 “(ii) promote strong teaching skills.

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

22 “(3) Developing and implementing initiatives to
23 promote retention of highly qualified teachers and
24 principals, including minority teachers and prin-
25 cipals, including programs that provide—

1 “(A) teacher or principal mentoring from
2 exemplary teachers or principals; or

3 “(B) induction and support for teachers
4 and principals during their first 3 years of em-
5 ployment as teachers or principals, respectively.

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

10 “(5) Disseminating information on effective
11 practices for teacher preparation and successful
12 teacher certification and licensure assessment prepa-
13 ration strategies.

14 “(6) Activities authorized under sections 202,
15 203, and 204.

16 “(c) APPLICATION.—Any eligible institution desiring
17 a grant under this section shall submit an application to
18 the Secretary at such a time, in such a manner, and ac-
19 companied by such information the Secretary may require.

20 “(d) MINIMUM GRANT AMOUNT.—The minimum
21 amount of each grant under this part shall be \$1,500,000.

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

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

4 **“SEC. 253. AUTHORIZATION OF APPROPRIATIONS.**

5 “There are authorized to be appropriated to carry out
 6 this part \$20,000,000 for fiscal year 2006 and such sums
 7 as may be necessary for each of the 5 succeeding fiscal
 8 years.”.

9 **SEC. 502. AUTHORIZATION OF APPROPRIATIONS.**

10 (a) AUTHORIZATIONS OF APPROPRIATIONS.—Section
 11 399(a) (20 U.S.C. 1068h(a)(2)) is amended—

12 (1) by striking paragraphs (1), (2), and (3) and
 13 inserting the following:

14 “(1) PART A.—(A) There are authorized to be
 15 appropriated to carry out part A (other than section
 16 316 and 317)—

17 “(i) \$170,000,000 for fiscal year 2006;
 18 and

19 “(ii) such sums as may be necessary for
 20 each of the 5 succeeding fiscal years.

21 “(B) There are authorized to be appropriated
 22 to carry out section 316—

23 “(i) \$45,000,000 for fiscal year 2006; and

24 “(ii) such sums as may be necessary for
 25 each of the 5 succeeding fiscal years.

1 “(C) There are authorized to be appropriated to
2 carry out section 317—

3 “(i) \$20,000,000 for fiscal year 2006; and

4 “(ii) such sums as may be necessary for
5 each of the 5 succeeding fiscal years.

6 “(2) PART B.—(A) There are authorized to be
7 appropriated to carry out part B (other than section
8 326)—

9 “(i) \$270,000,000 for fiscal year 2006;

10 and

11 “(ii) such sums as may be necessary for
12 each of the 5 succeeding fiscal years.

13 “(B) There are authorized to be appropriated
14 to carry out section 326—

15 “(i) \$90,000,000 for fiscal year 2006; and

16 “(ii) such sums as may be necessary for
17 each of the 5 succeeding fiscal years.

18 “(3) PART C.—There are authorized to be ap-
19 propriated to carry out part C—

20 “(A) \$30,000,000 for fiscal year 2006; and

21 “(B) such sums as may be necessary for
22 each of the 5 succeeding fiscal years.”; and

23 (2) by striking paragraph (5) and inserting the
24 following:

1 “(5) PART E.—There are authorized to be ap-
2 propriated to carry out part E—

3 “(A) \$40,000,000 for fiscal year 2006; and

4 “(B) such sums as may be necessary for
5 each of the 5 succeeding fiscal years.”.

6 (b) AUTHORIZED USES OF FUNDS FOR TITLE III.—

7 Section 323(a) (20 U.S.C. 1062(a)) is amended—

8 (1) by redesignating paragraph (12) as para-
9 graph (13); and

10 (2) by inserting after paragraph (11) the fol-
11 lowing new paragraph:

12 “(12) Technical assistance services, including
13 financial management, enrollment management,
14 strategic planning, replication of best practices, and
15 other needed services, except that the amount ex-
16 pended under this paragraph shall not exceed 2 per-
17 cent of the institution’s annual award under this
18 part.”.

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