

Public Law 89-329

AN ACT

To strengthen the educational resources of our colleges and universities and to provide financial assistance for students in postsecondary and higher education.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".

November 8, 1965
[H. R. 9567]

Higher Education Act of 1965.

TITLE I—COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAMS

APPROPRIATIONS AUTHORIZED

SEC. 101. For the purpose of assisting the people of the United States in the solution of community problems such as housing, poverty, government, recreation, employment, youth opportunities, transportation, health, and land use by enabling the Commissioner to make grants under this title to strengthen community service programs of colleges and universities, there are authorized to be appropriated \$25,000,000 for the fiscal year ending June 30, 1966, and \$50,000,000 for the fiscal year ending June 30, 1967, and for the succeeding fiscal year. For the fiscal year ending June 30, 1969, and the succeeding fiscal year, there may be appropriated, to enable the Commissioner to make such grants, only such sums as the Congress may hereafter authorize by law.

DEFINITION OF COMMUNITY SERVICE PROGRAM

SEC. 102. For purposes of this title, the term "community service program" means an educational program, activity, or service, including a research program and a university extension or continuing education offering, which is designed to assist in the solution of community problems in rural, urban, or suburban areas, with particular emphasis on urban and suburban problems, where the institution offering such program, activity, or service determines—

- (1) that the proposed program, activity, or service is not otherwise available, and
- (2) that the conduct of the program or performance of the activity or service is consistent with the institution's over-all educational program and is of such a nature as is appropriate to the effective utilization of the institution's special resources and the competencies of its faculty.

Where course offerings are involved, such courses must be university extension or continuing education courses and must be—

- (A) fully acceptable toward an academic degree, or
- (B) of college level as determined by the institution offering such courses.

ALLOTMENTS TO STATES

SEC. 103. (a) Of the sums appropriated pursuant to section 101 for each fiscal year, the Commissioner shall allot \$25,000 each to Guam, American Samoa, the Commonwealth of Puerto Rico, and the Virgin Islands and \$100,000 to each of the other States, and he shall allot to each State an amount which bears the same ratio to the remainder of such sums as the population of the State bears to the population of all States.

(b) The amount of any State's allotment under subsection (a) for any fiscal year which the Commissioner determines will not be required

for such fiscal year for carrying out the State plan (if any) approved under this title shall be available for reallocation from time to time, on such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under such subsection for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Commissioner estimates such State needs and will be able to use for such year for carrying out the State plan; and the total of such reductions shall be similarly reallocated among the States whose proportionate amounts were not so reduced. Any amount reallocated to a State under this subsection during a year from funds appropriated pursuant to section 101 shall be deemed part of its allotment under subsection (a) for such year.

(c) In accordance with regulations of the Commissioner, any State may file with him a request that a specified portion of its allotment under this title be added to the allotment of another State under this title for the purpose of meeting a portion of the Federal share of the cost of providing community service programs under this title. If it is found by the Commissioner that the programs with respect to which the request is made would meet needs of the State making the request and that use of the specified portion of such State's allotment, as requested by it, would assist in carrying out the purposes of this title, such portion of such State's allotment shall be added to the allotment of the other State under this title to be used for the purpose referred to above.

(d) The population of a State and of all the States shall be determined by the Commissioner on the basis of the most recent satisfactory data available from the Department of Commerce.

USES OF ALLOTTED FUNDS

SEC. 104. A State's allotment under section 103 may be used, in accordance with its State plan approved under section 105(b), to provide new, expanded, or improved community service programs.

STATE PLANS

SEC. 105. (a) Any State desiring to receive its allotment of Federal funds under this title shall designate or create a State agency or institution which has special qualifications with respect to solving community problems and which is broadly representative of institutions of higher education in the State which are competent to offer community service programs, and shall submit to the Commissioner through the agency or institution so designated a State plan. If a State desires to designate for the purposes of this section an existing State agency or institution which does not meet these requirements, it may do so if the agency or institution takes such action as may be necessary to acquire such qualifications and assure participation of such institutions, or if it designates or creates a State advisory council which meets the requirements not met by the designated agency or institution to consult with the designated agency or institution in the preparation of the State plan. A State plan submitted under this title shall be in such detail as the Commissioner deems necessary and shall—

(1) provide that the agency or institution so designated or created shall be the sole agency for administration of the plan or for supervision of the administration of the plan; and provide that such agency or institution shall consult with any State advisory council required to be created by this section with respect to policy matters arising in the administration of such plan;

(2) set forth a comprehensive, coordinated, and statewide system of community service programs under which funds paid to the State (including funds paid to an institution pursuant to section 106(c)) under its allotments under section 103 will be expended solely for community service programs which have been approved by the agency or institution administering the plan;

(3) set forth the policies and procedures to be followed in allocating Federal funds to institutions of higher education in the State, which policies and procedures shall insure that due consideration will be given—

(A) to the relative capacity and willingness of particular institutions of higher education (whether public or private) to provide effective community service programs;

(B) to the availability of and need for community service programs among the population within the State; and

(C) to the results of periodic evaluations of the programs carried out under this title in the light of information regarding current and anticipated community problems in the State;

(4) set forth policies and procedures designed to assure that Federal funds made available under this title will be so used as not to supplant State or local funds, or funds of institutions of higher education, but to supplement and, to the extent practicable, to increase the amounts of such funds that would in the absence of such Federal funds be made available for community service programs;

(5) set forth such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State (including such funds paid by the State or by the Commissioner to institutions of higher education) under this title; and

(6) provide for making such reports in such form and containing such information as the Commissioner may reasonably require to carry out his functions under this title, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

(b) The Commissioner shall approve any State plan and any modification thereof which complies with the provisions of subsection (a).

Records.

PAYMENTS

SEC. 106. (a) Except as provided in subsection (b), payment under this title shall be made to those State agencies and institutions which administer plans approved under section 105(b). Payments under this title from a State's allotment with respect to the cost of developing and carrying out its State plan shall equal 75 per centum of such costs for the fiscal year ending June 30, 1966, 75 per centum of such costs for the fiscal year ending June 30, 1967, and 50 per centum of such costs for each of the three succeeding fiscal years, except that no payments for any fiscal year shall be made to any State with respect to expenditures for developing and administering the State plan which exceed 5 per centum of the costs for that year for which payment under this subsection may be made to that State, or \$25,000, whichever is the greater. In determining the cost of developing and carrying out a State's plan, there shall be excluded any cost with respect to which payments were received under any other Federal program.

(b) No payments shall be made to any State from its allotments for any fiscal year unless and until the Commissioner finds that the institutions of higher education which will participate in carrying out the State plan for that year will together have available during that year for expenditure from non-Federal sources for college and university extension and continuing education programs not less than the total amount actually expended by those institutions for college and university extension and continuing education programs from such sources during the fiscal year ending June 30, 1965, plus an amount equal to not less than the non-Federal share of the costs with respect to which payment pursuant to subsection (a) is sought.

(c) Payments to a State under this title may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments, and they may be paid directly to the State or to one or more participating institutions of higher education designated for this purpose by the State, or to both.

ADMINISTRATION OF STATE PLANS

Opportunity for hearing.

SEC. 107. (a) The Commissioner shall not finally disapprove any State plan submitted under this title, or any modification thereof, without first affording the State agency or institution submitting the plan reasonable notice and opportunity for a hearing.

(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the State agency or institution administering a State plan approved under section 105(b), finds that—

(1) the State plan has been so changed that it no longer complies with the provisions of section 105(a), or

(2) in the administration of the plan there is a failure to comply substantially with any such provision,

the Commissioner shall notify the State agency or institution that the State will not be regarded as eligible to participate in the program under this title until he is satisfied that there is no longer any such failure to comply.

JUDICIAL REVIEW

SEC. 108. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under section 105(a) or with his final action under section 107(b), such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the State is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment

of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

62 Stat. 928.

NATIONAL ADVISORY COUNCIL ON EXTENSION AND CONTINUING EDUCATION

SEC. 109. (a) The President shall, within ninety days of enactment of this title, appoint a National Advisory Council on Extension and Continuing Education (hereafter referred to as the "Advisory Council"), consisting of the Commissioner, who shall be Chairman, one representative each of the Departments of Agriculture, Commerce, Defense, Labor, Interior, State, and Housing and Urban Development, and the Office of Economic Opportunity, and of such other Federal agencies having extension education responsibilities as the President may designate, and twelve members appointed, for staggered terms and without regard to the civil service laws, by the President. Such twelve members shall, to the extent possible, include persons knowledgeable in the fields of extension and continuing education, State and local officials, and other persons having special knowledge, experience, or qualification with respect to community problems, and persons representative of the general public. The Advisory Council shall meet at the call of the Chairman but not less often than twice a year.

Appointment by President.

(b) The Advisory Council shall advise the Commissioner in the preparation of general regulations and with respect to policy matters arising in the administration of this title, including policies and procedures governing the approval of State plans under section 105(b), and policies to eliminate duplication and to effectuate the coordination of programs under this title and other programs offering extension or continuing education activities and services.

Duties.

(c) The Advisory Council shall review the administration and effectiveness of all federally supported extension and continuing education programs, including community service programs, make recommendations with respect thereto, and make annual reports commencing on March 31, 1967, of its findings and recommendations (including recommendations for changes in the provisions of this title and other Federal laws relating to extension and continuing education activities) to the Secretary and to the President. The President shall transmit each such report to the Congress together with his comments and recommendations.

Report to President and Congress.

(d) Members of the Advisory Council who are not regular full-time employees of the United States shall, while serving on the business of the Council, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time; and, while so serving away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

Compensation.

(e) The Secretary shall engage such technical assistance as may be required to carry out the functions of the Advisory Council, and the Secretary shall, in addition, make available to the Advisory Council such secretarial, clerical, and other assistance and such pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out its functions.

60 Stat. 808;
75 Stat. 339, 340.

(f) In carrying out its functions pursuant to this section, the Advisory Council may utilize the services and facilities of any agency of the Federal Government, in accordance with agreements between the Secretary and the head of such agency.

RELATIONSHIP TO OTHER PROGRAMS

SEC. 110. Nothing in this title shall modify authorities under the Act of February 23, 1917 (Smith-Hughes Vocational Education Act), as amended (20 U.S.C. 11-15, 16-28); the Vocational Education Act of 1946, as amended (20 U.S.C. 15i-15m, 15o-15q, 15aa-15jj, and 15aaa-15ggg); the Vocational Education Act of 1963 (20 U.S.C. 35-35n); title VIII of the Housing Act of 1964 (Public Law 88-560); or the Act of May 8, 1914 (Smith-Lever Act), as amended (7 U.S.C. 341-348).

LIMITATION

SEC. 111. No grant may be made under this title for any educational program, activity, or service related to sectarian instruction or religious worship, or provided by a school or department of divinity. For purposes of this section, the term "school or department of divinity" means an institution or a department or branch of an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

"School or department of divinity."

TITLE II—COLLEGE LIBRARY ASSISTANCE AND LIBRARY TRAINING AND RESEARCH

PART A—COLLEGE LIBRARY RESOURCES

APPROPRIATIONS AUTHORIZED

SEC. 201. There are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to make grants under this part to institutions of higher education to assist and encourage such institutions in the acquisition for library purposes of books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding). For the fiscal year ending June 30, 1969, and the succeeding fiscal year, there may be appropriated, to enable the Commissioner to make such grants, only such sums as the Congress may hereafter authorize by law.

BASIC GRANTS

SEC. 202. From 75 per centum of the sums appropriated pursuant to section 201 for any fiscal year, the Commissioner is authorized to make basic grants for the purposes set forth in that section to institutions of higher education and combinations of such institutions. The amount of a basic grant shall not exceed \$5,000 for each such institution of higher education and each branch of such institution which is located in a community different from that in which its parent institution is located, as determined in accordance with regulations of the Commissioner, and a basic grant under this subsection may be made only if the application therefor is approved by the Commissioner upon his determination that the application (whether by an individual institution or a combination of institutions)—

(a) provides satisfactory assurance that the applicant will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for all library purposes (exclusive of construction) (1) an amount not

less than the average annual amount it expended for such purposes during the two-year period ending June 30, 1965, and (2) an amount (from such other sources) equal to not less than the amount of such grant;

(b) provides satisfactory assurance that the applicant will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related materials (including necessary binding) for library purposes an amount not less than the average annual amount it expended for such materials during the two-year period ending June 30, 1965;

(c) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section; and

(d) provides for making such reports, in such form and containing such information, as the Commissioner may require to carry out his functions under this section, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

Record retention.

SUPPLEMENTAL GRANTS

SEC. 203. (a) From the remainder of such 75 per centum of the sums appropriated pursuant to section 201 for any fiscal year, plus any part of such sums as the Commissioner determines will not be used for making grants under section 204, the Commissioner is authorized to make supplemental grants for the purposes set forth in section 201 to institutions of higher education and combinations of such institutions. The amount of a supplemental grant shall not exceed \$10 for each full-time student (including the full-time equivalent of the number of part-time students) enrolled in each such institution, as determined pursuant to regulations of the Commissioner. A supplemental grant may be made only upon application therefor, in such form and containing such information as the Commissioner may require, which application shall—

(1) meet the application requirements set forth in section 202 except for the matching requirement set forth in paragraph (a) (2) of that section;

(2) describe the size and quality of the library resources of the applicant in relation to its present enrollment and any expected increase in its enrollment;

(3) set forth any special circumstances which are impeding or will impede the proper development of its library resources; and

(4) provide a general description of how a supplemental grant would be used to improve the size or quality of its library resources.

(b) The Commissioner shall approve applications for supplemental grants on the basis of basic criteria prescribed in regulations and developed after consultation with the Council created under section 205. Such basic criteria shall be such as will best tend to achieve the objectives of this part and they (1) may take into consideration factors such as the size and age of the library collection and student enrollment, and (2) shall give priority to institutions in need of financial assistance for library purposes.

SPECIAL PURPOSE GRANTS

SEC. 204. (a) (1) Twenty-five per centum of the sums appropriated pursuant to section 201 for each fiscal year shall be used by the Commissioner in accordance with this subsection.

(2) Of the sums available for use under paragraph (1) sixty per centum may be used to make special grants (A) to institutions of higher education which demonstrate a special need for additional library resources and which demonstrate that such additional library resources will make a substantial contribution to the quality of their educational resources, (B) to institutions of higher education to meet special national or regional needs in the library and information sciences, and (C) to combinations of institutions of higher education which need special assistance in establishing and strengthening joint-use facilities. Grants under this section may be used only for books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding).

(3) Any sums available for use under paragraph (1) which are not used for the purposes of paragraph (2) shall be used in the manner prescribed by the first sentence of section 203(a).

(b) Grants pursuant to paragraph (2) shall be made upon application providing satisfactory assurance that (1) the applicant (or applicants jointly in the case of a combination of institutions) will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for the same purpose as such grant an amount from such other sources equal to not less than 33 1/3 per centum of such grant, and (2) in addition each such applicant will expend during such fiscal year (from such other sources) for all library purposes (exclusive of construction) an amount not less than the average annual amount it expended for such purposes during the two-year period ending June 30, 1965.

ADVISORY COUNCIL ON COLLEGE LIBRARY RESOURCES

SEC. 205. (a) The Commissioner shall establish in the Office of Education an Advisory Council on College Library Resources consisting of the Commissioner, who shall be Chairman, and eight members appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary.

(b) The Advisory Council shall advise the Commissioner with respect to establishing criteria for the making of supplemental grants under section 203 and the making of special purpose grants under section 204. The Commissioner may appoint such special advisory and technical experts and consultants as may be useful in carrying out the functions of the Advisory Council.

(c) Members of the Advisory Council, while serving on business of the Advisory Council, shall receive compensation at a rate to be fixed by the Secretary, but not exceeding \$100 per day, including travel time; and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

Duties.

Members, compensation.

60 Stat. 808;
75 Stat. 339, 340.

ACCREDITATION REQUIREMENT FOR PURPOSES OF THIS PART

SEC. 206. For the purposes of this part, an educational institution shall be deemed to have been accredited by a nationally recognized accrediting agency or association if the Commissioner determines that

there is satisfactory assurance that upon acquisition of the library resources with respect to which assistance under this part is sought, or upon acquisition of those resources and other library resources planned to be acquired within a reasonable time, the institution will meet the accreditation standards of such agency or association.

LIMITATION

SEC. 207. No grant may be made under this part for books, periodicals, documents, or other related materials to be used for sectarian instruction or religious worship, or primarily in connection with any part of the program of a school or department of divinity. For purposes of this section, the term "school or department of divinity" means an institution or a department or branch of an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

"School or department of divinity."

CONSULTATION WITH STATE AGENCY

SEC. 208. Each institution of higher education which receives a grant under this part shall periodically inform the State agency (if any) concerned with the educational activities of all institutions of higher education in the State in which such institution is located, of its activities under this part.

PART B—LIBRARY TRAINING AND RESEARCH

APPROPRIATIONS AUTHORIZED

SEC. 221. There are authorized to be appropriated \$15,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, for the purpose of carrying out this part. For the fiscal year ending June 30, 1969, and the succeeding fiscal year, there may be appropriated for such purpose only such sums as the Congress may hereafter authorize by law.

DEFINITION OF "LIBRARIANSHIP"

SEC. 222. For the purposes of this part the term "librarianship" means the principles and practices of the library and information sciences, including the acquisition, organization, storage, retrieval, and dissemination of information, and reference and research use of library and other information resources.

GRANTS FOR TRAINING IN LIBRARIANSHIP

SEC. 223. (a) The Commissioner is authorized to make grants to institutions of higher education to assist them in training persons in librarianship. Such grants may be used by such institutions to assist in covering the cost of courses of training or study for such persons, and for establishing and maintaining fellowships or traineeships with stipends (including allowances for traveling, subsistence, and other expenses) for fellows and others undergoing training and their dependents not in excess of such maximum amounts as may be prescribed by the Commissioner.

(b) The Commissioner may make a grant to an institution of higher education only upon application by the institution and only upon his finding that such program will substantially further the objective of increasing the opportunities throughout the Nation for training in librarianship.

RESEARCH AND DEMONSTRATIONS RELATING TO LIBRARIES AND THE
TRAINING OF LIBRARY PERSONNEL

SEC. 224. (a) The Commissioner is authorized to make grants to institutions of higher education and other public or private agencies, institutions, and organizations, for research and demonstration projects relating to the improvement of libraries or the improvement of training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such research and demonstrations, and, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to provide by contracts with them for the conduct of such activities; except that no such grant may be made to a private agency, organization, or institution other than a nonprofit one.

Special advisory committee, appointment.

(b) The Commissioner is authorized to appoint a special advisory committee of not more than nine members to advise him on matters of general policy concerning research and demonstration projects relating to the improvement of libraries and the improvement of training in librarianship, or concerning special services necessary thereto or special problems involved therein.

Members, compensation.

60 Stat. 808;
75 Stat. 339, 340.

(c) Members of the committee appointed under this section who are not regular full-time employees of the United States shall, while serving on the business of the committee, be entitled to receive compensation at rates fixed by the Commissioner, but not in excess of \$100 per diem, including travel time; and they may, while so serving away from their homes or regular places of business, be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

REPEALER

78 Stat. 1107.
20 USC 591.

SEC. 225. Effective July 1, 1967, section 1101 of the National Defense Education Act of 1958 is amended by adding the word "or" at the end of clause (2), by striking out clause (3), and by renumbering clause (4) as clause (3).

PART C—STRENGTHENING COLLEGE AND RESEARCH LIBRARY RESOURCES

APPROPRIATIONS AUTHORIZED

SEC. 231. There are hereby authorized to be appropriated \$5,000,000 for the fiscal year ending June 30, 1966, \$6,315,000 for the fiscal year ending June 30, 1967, and \$7,770,000 for the fiscal year ending June 30, 1968, to enable the Commissioner to transfer funds to the Librarian of Congress for the purpose of—

(1) acquiring, so far as possible, all library materials currently published throughout the world which are of value to scholarship; and

(2) providing catalog information for these materials promptly after receipt, and distributing bibliographic information by printing catalog cards and by other means, and enabling the Library of Congress to use for exchange and other purposes such of these materials as are not needed for its own collections.

For the fiscal year ending June 30, 1969, and the succeeding fiscal year, there may be appropriated, to enable the Commissioner to transfer funds to the Librarian of Congress for such purpose, only such sums as the Congress may hereafter authorize by law.

TITLE III—STRENGTHENING DEVELOPING INSTITUTIONS

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 301. (a) The purpose of this title is to assist in raising the academic quality of colleges which have the desire and potential to make a substantial contribution to the higher education resources of our Nation but which for financial and other reasons are struggling for survival and are isolated from the main currents of academic life, and to do so by enabling the Commissioner to establish a national teaching fellow program and to encourage and assist in the establishment of cooperative arrangements under which these colleges may draw on the talent and experience of our finest colleges and universities, and on the educational resources of business and industry, in their effort to improve their academic quality.

(b) (1) There is authorized to be appropriated the sum of \$55,000,000 for the fiscal year ending June 30, 1966, to carry out the provisions of this title.

(2) Of the sums appropriated pursuant to this section for any fiscal year, 78 per centum shall be available only for carrying out the provisions of this title with respect to developing institutions which plan to award one or more bachelor's degrees during such year.

(3) The remainder of the sums so appropriated shall be available only for carrying out the provisions of this title with respect to developing institutions which do not plan to award such a degree during such year.

DEFINITION OF "DEVELOPING INSTITUTION"

SEC. 302. As used in this title the term "developing institution" means a public or nonprofit educational institution in any State which—

(a) admits as regular students only persons having a certificate of graduation from a secondary school, or the recognized equivalent of such certificate;

(b) is legally authorized to provide, and provides within the State, an educational program for which it awards a bachelor's degree, or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles of knowledge;

(c) is accredited by a nationally recognized accrediting agency or association determined by the Commissioner to be reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation;

(d) has met the requirements of clauses (a) and (b) during the five academic years preceding the academic year for which it seeks assistance under this title;

(e) is making a reasonable effort to improve the quality of its teaching and administrative staffs and of its student services;

(f) is, for financial or other reasons, struggling for survival and is isolated from the main currents of academic life;

(g) meets such other requirements as the Commissioner may prescribe by regulation; and

(h) is not an institution, or department or branch of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects.

ADVISORY COUNCIL ON DEVELOPING INSTITUTIONS

Establishment.

SEC. 303. (a) The Commissioner shall establish in the Office of Education an Advisory Council on Developing Institutions (hereinafter in this title referred to as the "Council"), consisting of the Commissioner who shall be Chairman, one representative each of such Federal agencies having responsibilities with respect to developing institutions as the Commissioner may designate, and eight members appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary.

Duties.

(b) The Council shall advise the Commissioner with respect to policy matters arising in the administration of this title and in particular shall assist the Commissioner in identifying those developing institutions through which the purposes of this title can best be achieved and in establishing priorities for use in approving applications under this title. The Commissioner may appoint such special advisory and technical experts and consultants as may be useful in carrying out the functions of the Council.

Members, compensation.

(c) Members of the Council who are not otherwise full-time employees of the United States shall, while serving on business of the Council, receive compensation at a rate to be fixed by the Secretary, but not exceeding \$100 per day, including travel time; and, while so serving away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

60 Stat. 808;
75 Stat. 339, 340.

GRANTS FOR COOPERATIVE AGREEMENTS TO STRENGTHEN DEVELOPING INSTITUTIONS

Uses.

SEC. 304. (a) The Commissioner is authorized to make grants to developing institutions and other colleges and universities to pay part of the cost of planning, developing, and carrying out cooperative arrangements which show promise as effective measures for strengthening the academic programs and the administration of developing institutions. Such cooperative arrangements may be between developing institutions, between developing institutions and other colleges and universities, and between developing institutions and organizations, agencies, and business entities. Grants under this section may be used for projects and activities such as—

(1) exchange of faculty or students, including arrangements for bringing visiting scholars to developing institutions;

(2) faculty and administration improvement programs utilizing training, education (including fellowships leading to advanced degrees), internships, research participation, and other means;

(3) introduction of new curriculums and curricular materials;

(4) development and operation of cooperative education programs involving alternate periods of academic study and business or public employment;

(5) joint use of facilities such as libraries or laboratories, including necessary books, materials, and equipment; and

(6) other arrangements which offer promise of strengthening the academic programs and the administration of developing institutions.

(b) A grant may be made under this section only upon application to the Commissioner at such time or times and containing such information as he deems necessary. The Commissioner shall not approve an application unless it—

(1) sets forth a program for carrying out one or more projects or activities which meet the requirements of subsection (a) and provides for such methods of administration as are necessary for the proper and efficient operation of the program;

(2) sets forth policies and procedures which assure that Federal funds made available under this section for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available for purposes which meet the requirements of subsection (a), and in no case supplant such funds;

(3) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section; and

(4) provides for making such reports, in such form and containing such information, as the Commissioner may require to carry out his functions under this title, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

(c) The Commissioner shall, after consultation with the Council, establish criteria as to eligible expenditures for which grants made under this section may be used, which criteria shall be so designed as to prevent the use of such grants for expenditures not necessary to the achievement of the purposes of this title.

Conditions.

Record retention.

Stipends.

NATIONAL TEACHING FELLOWSHIPS

SEC. 305. (a) The Commissioner is authorized to award fellowships under this section to highly qualified graduate students and junior members of the faculty of colleges and universities, to encourage such individuals to teach at developing institutions. The Commissioner shall award fellowships to individuals for teaching at developing institutions only upon application by an institution approved for this purpose by the Commissioner and only upon a finding by the Commissioner that the program of teaching set forth in the application is reasonable in the light of the qualifications of the teaching fellow and of the educational needs of the applicant.

(b) Fellowships may be awarded under this section for such period of teaching as the Commissioner may determine, but such period shall not exceed two academic years. Each person awarded a fellowship under the provisions of this section shall receive a stipend for each academic year of teaching of not more than \$6,500 as determined by the Commissioner upon the advice of the Council, plus an additional amount of \$400 for each such year on account of each of his dependents.

TITLE IV—STUDENT ASSISTANCE

PART A—EDUCATIONAL OPPORTUNITY GRANTS

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 401. (a) It is the purpose of this part to provide, through institutions of higher education, educational opportunity grants to assist in making available the benefits of higher education to qualified high school graduates of exceptional financial need, who for lack of financial means of their own or of their families would be unable to obtain such benefits without such aid.

(b) There are hereby authorized to be appropriated \$70,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to make payments to institutions of higher education that have agreements with him entered into under section 407, for use by such institutions for payments to undergraduate students for the initial academic year of educational opportunity grants awarded to them under this part. For the fiscal year ending June 30, 1969 and for the succeeding fiscal year, there may be appropriated, to carry out the first sentence of this subsection, only such sums as the Congress may hereafter authorize by law. There are further authorized to be appropriated such sums as may be necessary for payment to such institutions for use by them for making educational opportunity grants under this part to undergraduate students for academic years other than the initial year of their educational opportunity grants; but no appropriation may be made pursuant to this sentence for any fiscal year beginning more than three years after the last fiscal year for which an appropriation is authorized under the first sentence. Sums appropriated pursuant to this subsection for any fiscal year shall be available for payment to institutions until the close of the fiscal year succeeding the fiscal year for which they were appropriated. For the purposes of this subsection, payment for the first year of an educational opportunity grant shall not be considered as an initial-year payment if the educational opportunity grant was awarded for the continuing education of a student who had been previously awarded an educational opportunity grant under this part (whether by another institution or otherwise) and had received payment for any year of that educational opportunity grant.

AMOUNT OF EDUCATIONAL OPPORTUNITY GRANT—ANNUAL DETERMINATION

SEC. 402. From the funds received by it for such purpose under this part, an institution of higher education which awards an educational opportunity grant to a student under this part shall, for the duration of the grant, pay to that student for each academic year during which he is in need of grant aid to pursue a course of study at the institution, an amount determined by the institution for such student with respect to that year, which amount shall not exceed—

(1) the lesser of \$800 or one-half of the sum of the amount of student financial aid (including assistance under this title, but excluding assistance from work-study programs) provided such student by such institution and any assistance provided such student under any scholarship program established by a State or a private institution or organization, as determined in accordance with regulation of the Commissioner, or

(2) in the case of a student who during the preceding academic year at an institution of higher education received grades placing him in the upper half of his class, the amount determined under paragraph (1), plus \$200.

If the amount of the payment determined under the preceding sentence for an academic year is less than \$200 for a student, no payment shall be made under this title to that student for that year. The Commissioner shall, subject to the foregoing limitations, prescribe for the guidance of participating institutions basic criteria or schedules (or both) for the determination of the amount of any such educational opportunity grant, taking into account the objective of limiting grant aid under this part to students of exceptional financial need and such other factors, including the number of dependents in the family, as the Commissioner may deem relevant.

DURATION OF EDUCATIONAL OPPORTUNITY GRANT

SEC. 403. The duration of an educational opportunity grant awarded under this part shall be the period required for completion by the recipient of his undergraduate course of study at the institution of higher education from which he received the educational opportunity grant, except that such period shall not exceed four academic years less any such period with respect to which the recipient has previously received payments under this part pursuant to a prior educational opportunity grant (whether made by the same or another institution). An educational opportunity grant awarded under this part shall entitle the recipient to payments only if he (1) is maintaining satisfactory progress in the course of study which he is pursuing, according to the regularly prescribed standards and practices of the institution from which he received the grant, and (2) is devoting essentially full time to that course of study, during the academic year, in attendance at that institution. Failure to be in attendance at the institution during vacation periods or periods of military service, or during other periods during which the Commissioner determines in accordance with regulations that there is good cause for his nonattendance (during which periods he shall receive no payments) shall not be deemed contrary to clause (2).

Absence for
military service,
etc.

SELECTION OF RECIPIENTS OF EDUCATIONAL OPPORTUNITY GRANTS

SEC. 404. (a) An individual shall be eligible for the award of an educational opportunity grant under this part at any institution of higher education which has made an agreement with the Commissioner pursuant to section 407 (which institution is hereinafter in this part referred to as an "eligible institution"), if the individual makes application at the time and in the manner prescribed by that institution.

(b) From among those eligible for educational opportunity grants from an institution of higher education for each fiscal year, the institution shall, in accordance with the provisions of its agreement with the Commissioner under section 407 and within the amount allocated to the institution for that purpose for that year under section 406, select individuals who are to be awarded such grants and determine, pursuant to section 402, the amounts to be paid to them. An institution shall not award an educational opportunity grant to an individual unless it determines that—

- (1) he has been accepted for enrollment as a full-time student at such institution or, in the case of a student already attending such institution, is in good standing and in full-time attendance there as an undergraduate student;
- (2) he shows evidence of academic or creative promise and capability of maintaining good standing in his course of study;
- (3) he is of exceptional financial need; and

(4) he would not, but for an educational opportunity grant, be financially able to pursue a course of study at such institution of higher education.

ALLOTMENT OF EDUCATIONAL OPPORTUNITY GRANT FUNDS AMONG STATES

SEC. 405. (a) (1) From the sums appropriated pursuant to the first sentence of section 401(b) for any fiscal year, the Commissioner shall allot to each State an amount which bears the same ratio to the amount so appropriated as the number of persons enrolled on a full-time basis in institutions of higher education in such State bears to the total number of persons enrolled on a full-time basis in institutions of higher education in all the States. The number of persons enrolled on a full-time basis in institutions of higher education for purposes of this section shall be determined by the Commissioner for the most recent year for which satisfactory data are available to him.

(2) If the total of the sums determined by the Commissioner to be required under section 406 for any fiscal year for eligible institutions in a State is less than the amount of the allotment to that State under paragraph (1) for that year, the Commissioner may reallocate the remaining amount from time to time, on such date or dates as he may fix, to other States in such manner as he determines will best assist in achieving the purposes of this part.

(b) Sums appropriated pursuant to the third sentence of section 401(b) for any fiscal year shall be allotted or reallocated among the States in such manner as the Commissioner determines to be necessary to carry out the purposes for which such sums are appropriated.

ALLOCATION OF ALLOTTED FUNDS TO INSTITUTIONS

SEC. 406. (a) The Commissioner shall from time to time set dates by which eligible institutions in any State must file applications for allocation, to such institutions, of educational opportunity grant funds from the allotment to that State (including any reallocation thereto) for any fiscal year pursuant to section 405(a), to be used for the purposes specified in the first sentence of section 401(b). Such allocations shall be made in accordance with equitable criteria which the Commissioner shall establish and which shall be designed to achieve such distribution of such funds among eligible institutions within a State as will most effectively carry out the purposes of this part.

(b) The Commissioner shall further, in accordance with regulations, allocate to eligible institutions, in any State, from funds apportioned or reapportioned pursuant to section 405(b), funds to be used for the educational opportunity grants specified in the third sentence of section 401(b).

(c) Payment shall be made from allocations under this section to institutions as needed.

AGREEMENTS WITH INSTITUTIONS—CONDITIONS

SEC. 407. (a) An institution of higher education which desires to obtain funds for educational opportunity grants under this part, shall enter into an agreement with the Commissioner. Such agreement shall—

(1) provide that funds received by the institution under this part will be used by it only for the purposes specified in, and in accordance with, the provisions of this part;

(2) provide that in determining whether an individual meets the requirements of section 404(b)(3) the institution will (A)

consider the source of such individual's income and that of any individual or individuals upon whom the student relies primarily for support, and (B) make an appropriate review of the assets of the student and of such individuals;

(3) provide that the institution, in cooperation with other institutions of higher education where appropriate, will make vigorous efforts to identify qualified youths of exceptional financial need and to encourage them to continue their education beyond secondary school through programs and activities such as—

(A) establishing or strengthening close working relationships with secondary-school principals and guidance and counseling personnel with a view toward motivating students to complete secondary school and pursue post-secondary-school educational opportunities, and

(B) making, to the extent feasible, conditional commitments for educational opportunity grants to qualified secondary school students with special emphasis on students enrolled in grade 11 or lower grades who show evidences of academic or creative promise;

(4) provide assurance that the institution will continue to spend in its own scholarship and student-aid program, from sources other than funds received under this part, not less than the average expenditure per year made for that purpose during the most recent period of three fiscal years preceding the effective date of the agreement;

(5) include provisions designed to make educational opportunity grants under this part reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof; and

(6) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part.

(b) (1) An institution, which has in effect an agreement for Federal capital contributions for a student loan fund pursuant to title II of the National Defense Education Act of 1958, may use, as an additional Federal capital contribution for the purposes of such loan fund, not to exceed 25 per centum of the funds paid to it for any fiscal year ending prior to July 1, 1970, for the purpose set forth in section 401(b). The requirement in section 204(2)(B) of such Act shall not apply to such a Federal capital contribution.

(2) For the purpose of making payments from amounts appropriated pursuant to the third sentence of section 401(b), any institution electing for any fiscal year to use an amount of its payment as a Federal capital contribution pursuant to paragraph (1) shall be paid an equal amount for each of the succeeding three fiscal years from such amounts appropriated pursuant to such third sentence, if the amount so paid to the institution for each such year is used by such institution as such a Federal capital contribution.

72 Stat. 1583.
20 USC 421-429.

CONTRACTS TO ENCOURAGE FULL UTILIZATION OF EDUCATIONAL TALENT

SEC. 408. (a) To assist in achieving the purposes of this part the Commissioner is authorized (without regard to section 3709 of the Revised Statutes (41 U.S.C. 5)), to enter into contracts, not to exceed \$100,000 per year, with State and local educational agencies and other public or nonprofit organizations and institutions for the purpose of—

(1) identifying qualified youths of exceptional financial need and encouraging them to complete secondary school and undertake postsecondary educational training,

Appropriation.

(2) publicizing existing forms of student financial aid, including aid furnished under this part, or

(3) encouraging secondary-school or college dropouts of demonstrated aptitude to reenter educational programs, including post-secondary-school programs.

(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.

DEFINITION OF "ACADEMIC YEAR"

SEC. 409. As used in this part, the term "academic year" means an academic year or its equivalent as defined in regulations of the Commissioner.

PART B—FEDERAL, STATE, AND PRIVATE PROGRAMS OF LOW-INTEREST INSURED LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) The purpose of this part is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435), (2) to provide a Federal program of student loan insurance for students who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b), and (3) to pay a portion of the interest on loans to qualified students which are made by a State under a direct loan program meeting the requirements of section 428(a)(1)(B), or which are insured under this part or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C).

(b) For the purpose of carrying out this part—

(1) there are authorized to be appropriated to the student loan insurance fund (established by section 431) (A) the sum of \$1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

(2) there are authorized to be appropriated, for payments under section 428 with respect to interest on student loans, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor, and

(3) there is authorized to be appropriated the sum of \$17,500,000 for making advances pursuant to section 422 for the reserve funds of State and nonprofit private student loan insurance programs.

Sums appropriated under clauses (1) and (2) of this subsection shall remain available until expended, and sums appropriated under clause (3) of this subsection shall remain available for advances under section 422 until the close of the fiscal year ending June 30, 1968.

ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS

SEC. 422. (a) (1) From the sums appropriated pursuant to clause (3) of section 421(b), the Commissioner is authorized to make advances to any State with which he has made an agreement pursuant to section 428(b) for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If for any of the fiscal years ending June 30, 1966, June 30, 1967, or June 30, 1968, a State does not have a student loan insurance program covered by an agreement made pursuant to section 428(b), and the

Commissioner determines after consultation with the chief executive officer of that State that there is no reasonable likelihood that the State will have such a student loan insurance program for such year, the Commissioner may make advances for such year for the same purpose to one or more nonprofit private institutions or organizations with which he has made an agreement pursuant to section 428(b) in order to enable students in that State to participate in a program of student loan insurance covered by such an agreement. The Commissioner may make advances under this subsection both to a State program (with which he has such an agreement) and to one or more nonprofit private institutions or organizations (with which he has such an agreement) in that State if he determines that such advances are necessary in order that students in each eligible institution have access through such institution to a student loan insurance program which meets the requirements of section 428(b)(1).

(2) Advances pursuant to this subsection shall be upon such terms and conditions (including conditions relating to the time or times of payment) consistent with the requirements of section 428(b) as the Commissioner determines will best carry out the purposes of this section. Advances made by the Commissioner under this subsection shall be repaid within such period as the Commissioner may deem to be appropriate in each case in the light of the maturity and solvency of the reserve fund for which the advance was made.

(b) The total of the advances to any State pursuant to subsection (a) may not exceed an amount which bears the same ratio to 2½ per centum of \$700,000,000 as the population of that State aged eighteen to twenty-two, inclusive, bears to the total population of all the States aged eighteen to twenty-two, inclusive. If the amount so determined for any State, however, is less than \$25,000, it shall be increased to \$25,000 and the total of the increases thereby required shall be derived by proportionately reducing (but not below \$25,000) the amount so determined for each of the remaining States. Advances to nonprofit private institutions and organizations pursuant to subsection (a) may be in such amounts as the Commissioner determines will best achieve the purposes for which they are made, except that the sum of (1) advances to such institutions and organizations for the benefit of students in any State plus (2) the amounts advanced to such State, may not exceed the maximum amount which may be advanced to that State pursuant to the first two sentences of this subsection. For the purposes of this subsection, the population aged eighteen to twenty-two, inclusive, of each State and of all the States shall be determined by the Commissioner on the basis of the most recent satisfactory data available to him.

EFFECT OF ADEQUATE NON-FEDERAL PROGRAMS

SEC. 423. The Commissioner shall not issue certificates of insurance under section 429 to lenders in a State if he determines that every eligible institution has reasonable access in that State to a State or private nonprofit student loan insurance program which is covered by an agreement under section 428(b).

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 424. (a) The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed \$700,000,000 in the fiscal year ending June 30, 1966, \$1,000,000,000 in the fiscal year ending June 30, 1967, and \$1,400,000,000 in the fiscal year ending June 30, 1968. Thereafter,

Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after June 30, 1972.

(b) The Commissioner may, if he finds it necessary to do so in order to assure an equitable distribution of the benefits of this part, assign, within the maximum amounts specified in subsection (a), Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

SEC. 425. (a) (1) The total of the loans made to a student in any academic year or its equivalent (as determined under regulations of the Commissioner) which may be covered by Federal loan insurance under this part may not exceed \$1,500 in the case of a graduate or professional student (as defined in regulations of the Commissioner), or \$1,000 in the case of any other student. The aggregate insured unpaid principal amount of all such insured loans made to any student shall not at any time exceed \$7,500 in the case of any graduate or professional student (as defined in regulations of the Commissioner), and including any such insured loans made to such person before he became a graduate or professional student), or \$5,000 in the case of any other student. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

(2) If in any academic year or its equivalent a student receives a loan which is insured by the Commissioner under this part, no loan to that student in that year may be made or insured by the Commissioner under the National Vocational Student Loan Insurance Act of 1965; and if in any academic year or its equivalent a student receives a loan which is made or insured by the Commissioner under the National Vocational Student Loan Insurance Act of 1965, no loan to that student in that year may be insured by the Commissioner under this part.

(b) The insurance liability on any loan insured by the Commissioner under this part shall be 100 per centum of the unpaid balance of the principal amount of the loan. Such insurance liability shall not include liability for interest whether or not that interest has been added to the principal amount of the loan.

SOURCES OF FUNDS

SEC. 426. Loans made by eligible lenders in accordance with this part shall be insurable by the Commissioner whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF STUDENT LOANS

SEC. 427. (a) A loan by an eligible lender shall be insurable by the Commissioner under the provisions of this part only if—

(1) made to a student who (A) has been accepted for enrollment at an eligible institution or, in the case of a student already attending such institution, is in good standing there as determined by the institution, and (B) is carrying at least one-half of the normal full-time workload as determined by the institution, and

(C) has provided the lender with a statement of the institution which sets forth a schedule of the tuition and fees applicable to that student and its estimate of the cost of board and room for such a student; and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, endorsement may be required,

(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than five years (unless sooner repaid) nor more than ten years beginning not earlier than nine months nor later than one year after the date on which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, except (i) as provided in clause (C) below, (ii) that the period of the loan may not exceed fifteen years from the execution of the note or written agreement evidencing it and (iii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Commissioner in effect at the time the loan is made,

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period (i) during which the borrower is pursuing a full-time course of study at an institution of higher education or at a comparable institution outside the States approved for this purpose by the Commissioner, (ii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States, or (iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, and any such period shall not be included in determining the ten-year period or the fifteen-year period provided in clause (B) above,

(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed and defined by the Secretary (within the limits set forth in subsection (b)) on a national, regional, or other appropriate basis, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest that has so accrued during that period may be added on that date to the principal (but without thereby increasing the insurance liability under this part),

(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Commissioner under this part,

(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan, and

(G) contains such other terms and conditions, consistent with the provisions of this part and with the regulations

issued by the Commissioner pursuant to this part, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay to the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Commissioner with respect to such loan.

(b) No maximum rate of interest prescribed and defined by the Secretary for the purposes of clause (2)(D) of subsection (a) may exceed 6 per centum per annum on the unpaid principal balance of the loan, except that under circumstances which threaten to impede the carrying out of the purposes of this part, one or more of such maximum rates of interest may be as high as 7 per centum per annum on the unpaid principal balance of the loan.

(c) The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured by the Commissioner under this part shall not be less than \$360 or the balance of all of such loans (together with interest thereon), whichever amount is less.

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

SEC. 428. (a) (1) Each student who has received a loan for study at eligible institution—

(A) which is insured by the Commissioner under this part;
 (B) which was made under a State student loan program (meeting criteria prescribed by the Commissioner), and which was contracted for, and paid to the student, within the period specified by paragraph (4); or

(C) which is insured under a program of a State or of a non-profit private institution or organization, which was contracted for, and paid to the student, within the period specified in paragraph (4), and which—

(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

(ii) in the case of a loan insured after June 30, 1967, is insured under a program covered by an agreement made pursuant to subsection (b),

and whose adjusted family income is less than \$15,000 at the time of execution of the note or written agreement evidencing such loan, shall be entitled to have paid on his behalf and for his account to the holder of the loan, over the period of the loan, a portion of the interest on the loan. For the purposes of this paragraph, the adjusted family income of a student shall be determined pursuant to regulations of the Commissioner in effect at the time of the execution of the note or written agreement evidencing the loan. Such regulations shall provide for taking into account such factors, including family size, as the Commissioner deems appropriate. In the absence of fraud by the lender, such determination of the adjusted family income of a student shall be final insofar as it concerns the obligation of the Commissioner to pay the holder of a loan a portion of the interest on the loan.

(2) The portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) shall be equal to the total amount

Adjusted family
income, determina-
tion.

of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, and 3 per centum per annum of the unpaid principal amount of the loan (excluding interest which has been added to principal) thereafter; but such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under any State or private loan insurance program. The holder of a loan with respect to which payments are required to be made under this section shall be deemed to have a contractual right, as against the United States, to receive from the Commissioner the portion of interest which has been so determined. The Commissioner shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) was made, or if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

(3) Each holder of a loan with respect to which payments of interest are required to be made by the Commissioner shall submit to the Commissioner, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to determine the amount of the payment which he must make with respect to that loan.

(4) The period referred to in subparagraphs (B) and (C) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of June 30, 1968, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his educational program, such period shall end at the close of June 30, 1972.

(5) No payment may be made under this section with respect to the interest on a loan made from a student loan fund established under title II of the National Defense Education Act of 1958.

(6) In no event shall interest payments with respect to the same student loan be made under both this section and under section 9 of the National Vocational Student Loan Insurance Act of 1965.

(b) (1) Any State or any nonprofit private institution or organization may enter into an agreement with the Commissioner for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Commissioner determines that the student loan insurance program—

(A) authorizes the insurance of not less than \$1,000 nor more than \$1,500 in loans to any individual student in any academic year or its equivalent (as determined under regulations of the Commissioner);

(B) authorizes the insurance of loans to any individual student for at least six academic years of study or their equivalent (as determined under regulations of the Commissioner);

(C) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) the period of any insured loan may not exceed fifteen years from the date of execution of the note or other written evidence of the loan, and (iii) the note or other written evidence

72 Stat. 1583.
20 USC 421-
429.

Ante, p. 1041
Agreements.

of any loan may contain such provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Commissioner in effect at the time such note or written evidence was executed;

(D) subject to subparagraph (C), provides that, where the total of the insured loans to any student which are held by any one person exceeds \$2,000, repayment of such loans shall be in installments over a period of not less than five years nor more than ten years beginning not earlier than nine months nor later than one year after the student ceases to pursue a full-time course of study at an eligible institution, except that if the program provides for the insurance of loans for part-time study at eligible institutions the program shall provide that such repayment period shall begin not earlier than nine months nor later than one year after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution;

(E) authorizes interest on the unpaid balance of the loan at a yearly rate not in excess of 6 per centum per annum on the unpaid principal balance of the loan (exclusive of any premium for insurance which may be passed on to the borrower);

(F) insures not less than 80 per centum of the unpaid principal of loans insured under the program;

(G) does not provide for collection of an excessive insurance premium;

(H) provides that the benefits of the loan insurance program will not be denied any student because of his family income or lack of need if his adjusted family income at the time the note or written agreement is executed is less than \$15,000 (as determined pursuant to the regulations of the Commissioner prescribed under section 428(a)(1));

(I) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution; and

(J) in the case of a State program, provides that such State program is administered by a single State agency, or by one or more nonprofit private institutions or organizations under the supervision of a single State agency.

(2) Such an agreement shall—

(A) provide that the holder of any such loan will be required to submit to the Commissioner, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to determine the amount of the payment which he must make with respect to that loan;

(B) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part and as are agreed to by the Commissioner and the State or nonprofit private organization or institution, as the case may be; and

(C) provide for making such reports in such form and containing such information as the Commissioner may reasonably require to carry out his function under this part and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

Conditions.

CERTIFICATES OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 429. (a) (1) If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Commissioner may require, and otherwise in conformity with this section, the Commissioner finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

(2) Insurance evidenced by a certificate of insurance pursuant to subsection (a) (1) shall become effective upon the date of issuance of the certificate, except that the Commissioner is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a) (1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

(3) An application submitted pursuant to subsection (a) (1) shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Commissioner pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Commissioner may prescribe by or pursuant to regulation.

(b) (1) In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Commissioner may, in accordance with regulations consistent with section 424, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Commissioner, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Commissioner's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Commissioner and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Commissioner from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Commissioner in the absence of fraud or misrepresentation of fact or patent error.

(2) If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject

Comprehensive insurance certificates.

to the limitations of section 424, the Commissioner may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

(c) The Commissioner shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 per centum per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Commissioner. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) request for payment of the loss insured against has been made or the Commissioner has made such payment on his own motion pursuant to section 430(a).

(d) The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Commissioner.

(e) The consolidation of the obligations of two or more federally-insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Commissioner may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Commissioner may amend that certificate accordingly.

DEFAULT, DEATH, OR DISABILITY OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM

SEC. 430. (a) Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, or upon the death of the student borrower or a finding by the insurance beneficiary that the borrower has become totally and permanently disabled (as determined in accordance with regulations established by the Commissioner) before the loan has been repaid in full, and prior to the commencement of suit or other enforcement proceeding upon security for that loan, the insurance beneficiary shall promptly notify the Commissioner, and the Commissioner shall if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined. The "amount of the loss" on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount of the loan (other than interest added to principal).

(b) Upon payment by the Commissioner of the amount of the loss pursuant to subsection (a), the United States shall be subrogated to all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Commissioner on a loan after deduction of the cost of

Loan consolidation.

"Amount of the loss."

that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured.

(c) Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Commissioner, or to preclude forbearance by the Commissioner in the enforcement of the insured obligation after payment on that insurance, or to require collection of the amount of any loan by the insurance beneficiary or by the Commissioner from the estate of a deceased borrower or from a borrower found by the insurance beneficiary to have become permanently and totally disabled.

(d) Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Commissioner, after reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 428(a)(3) and section 429(a)(3), or to pay the required Federal loan insurance premiums, he shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

(e) As used in this section—

(1) the term "insurance beneficiary" means the insured or its authorized assignee in accordance with section 429(d); and

"Insurance beneficiary."

(2) the term "default" includes only such defaults as have existed for (A) one hundred and twenty days in the case of a loan which is repayable in monthly installments, or (B) one hundred and eighty days in the case of a loan which is repayable in less frequent installments.

"Default."

INSURANCE FUND

SEC. 431. (a) There is hereby established a student loan insurance fund (hereinafter in this section called the "fund") which shall be available without fiscal year limitation to the Commissioner for making payments in connection with the default of loans insured by him under this part. All amounts received by the Commissioner as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Commissioner in connection with his operations under this part, and any other moneys, property, or assets derived by the Commissioner from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Commissioner under this part shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

Establishment.

(b) If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Commissioner under this part, the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of

Insufficient moneys.

40 Stat. 288.
31 USC 774.

comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Commissioner from such fund.

LEGAL POWERS AND RESPONSIBILITIES

SEC. 432. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Commissioner may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this part;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 2679 of title 28 of the United States Code and of section 367 of the Revised Statutes (5 U.S.C. 316);

(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to his obligations and rights and to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Commissioner determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this clause or any other provisions of this part may be modified by the Commissioner if he determines that modification is necessary to protect the financial interest of the United States;

(4) subject to the specific limitations in this part, consent to the modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by him under this part;

(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance; and

(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right or redemption.

62 Stat. 910,
984; 75 Stat. 539.

(b) The Commissioner shall, with respect to the financial operations arising by reason of this part—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain with respect to insurance under this part an integral set of accounts, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

59 Stat. 597.
31 USC 841 note.
GAO audit.

ADVISORY COUNCIL ON INSURED LOANS TO STUDENTS

SEC. 433. (a) The Secretary shall establish in the Office of Education an Advisory Council on Insured Loans to Students, consisting of the Commissioner, who shall be Chairman, and eight members appointed, without regard to the civil service laws, by the Secretary. The membership of the Council shall include persons representing State loan insurance programs, private nonprofit loan insurance programs, financial and credit institutions, and institutions of higher education.

Establishment.

(b) The Advisory Council shall advise the Commissioner with respect to policy matters arising in the administration of this part, including policies and procedures governing the making of advances under section 422 and the Federal payments to reduce student interest costs under section 428.

(c) Members of the Advisory Council who are not regular full-time employees of the United States shall, while serving on the business of the Council, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time; and, while so serving away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

Compensation.

60 Stat. 808;
75 Stat. 339, 340.

PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS

SEC. 434. Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the Director of the Bureau of Federal Credit Unions, have power to make insured loans up to 10 per centum of their assets, to student members in accordance with the provisions of this part relating to federally insured loans, or in accordance with the provisions of any State or nonprofit private student loan insurance program which meets the requirements of section 428(a)(1)(C).

DEFINITIONS FOR REDUCED-INTEREST STUDENT LOAN INSURANCE PROGRAM

SEC. 435. As used in this part:

(a) The term "eligible institution" means an educational institution in any State which (1) admits as regular students only persons

having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose or, if not so accredited, (A) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. Such term also includes any public or other nonprofit collegiate or associate degree school of nursing and any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of clauses (1), (2), (4), and (5). If the Commissioner determines that a particular category of such schools does not meet the requirements of clause (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, he shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (ii) determine whether particular schools not meeting the requirements of clause (5) meet those standards. For purposes of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

(b) The term "collegiate school of nursing" means a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of arts, bachelor of science, bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing.

(c) The term "associate degree school of nursing" means a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited two-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

(d) The term "accredited" when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education.

(e) The term "eligible lender" means an eligible institution, an agency or instrumentality of a State, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State.

(f) The term "line of credit" means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the

lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

PART C—COLLEGE WORK-STUDY PROGRAM EXTENSION AND AMENDMENTS

TRANSFER OF AUTHORITY AND OTHER AMENDMENTS

SEC. 441. Parts C and D of title I of the Economic Opportunity Act of 1964 (Public Law 88-452) are amended as follows:

(1) By striking out "Director" in the first sentence of section 122(a) and inserting in lieu thereof "Commissioner of Education (hereinafter in this part referred to as the 'Commissioner')", and by striking out "Director" wherever that word appears in the other provisions of such part C and inserting in lieu thereof "Commissioner";

(2) By amending that part of section 121 that follows the section designation to read as follows: "The purpose of this part is to stimulate and promote the part-time employment of students, particularly students from low-income families, in institutions of higher education who are in need of the earnings from such employment to pursue courses of study at such institutions.";

(3) By striking out section 123 and inserting in lieu thereof the following:

"GRANTS FOR WORK-STUDY PROGRAMS

"SEC. 123. (a) The Commissioner is authorized to enter into agreements with institutions of higher education under which the Commissioner will make grants to such institutions to assist in the operation of work-study programs as hereinafter provided.

"(b) For the purposes of this part—

"(1) The term 'institution of higher education' means an educational institution in any State which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, (B) is legally authorized within such State to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (D) is a public or other nonprofit institution, and (E) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose or, if not so accredited, (i) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (ii) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. Such term also includes any public or other nonprofit collegiate or associate degree school of nursing and any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of clauses (A), (B), (D), and (E). If the Commissioner determines that a particular category of such schools does not meet the requirements of

78 Stat. 514.
42 USC 2752.

42 USC 2751.

Definitions.

clause (E) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, he shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (I) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (II) determine whether particular schools not meeting the requirements of clause (E) meet those standards. For purposes of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

“(2) The term ‘collegiate school of nursing’ means a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of arts, bachelor of science, bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing.

“(3) The term ‘associate degree school of nursing’ means a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited two-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

“(4) The term ‘accredited’ when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Commissioner.”;

(4) By striking out section 124(a) and inserting in lieu thereof the following:

“(a) provide for the operation by the institution of a program for the part-time employment of its students in work for the institution itself or work in the public interest for a public or private nonprofit organization under an arrangement between the institution and such organization, and such work—

“(1) will not result in the displacement of employed workers or impair existing contracts for services,

“(2) will be governed by such conditions of employment as will be appropriate and reasonable in light of such factors as type of work performed, geographical region, and proficiency of the employee, and

“(3) does not involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship;”;

(5) By redesignating clauses (2), (3), and (4), of paragraph (c) of section 124 as clauses (1), (2), and (3), and by striking out so much of such paragraph as precedes such redesignated clauses and inserting in lieu thereof the following: “(c) provide that in the selection of students for employment under such work-study program preference shall be given to students from low-income families and that employment under such work-study program shall be furnished only to a student who”;

(6) By inserting before the period at the end of section 125 a comma and the following: “and such share may be paid to such student in the form of services and equipment (including tuition, room, board, and books) furnished by such institution”; and

(7) By striking out “provided for in” in section 131 and inserting in lieu thereof “for which he is responsible under”.

APPROPRIATIONS AUTHORIZED

SEC. 442. There are authorized to be appropriated \$129,000,000 for the fiscal year ending June 30, 1966, \$165,000,000 for the fiscal year ending June 30, 1967, and \$200,000,000 for the fiscal year ending June 30, 1968, to carry out the purposes of part C of title I of the Economic Opportunity Act of 1964 (Public Law 88-452). Any sums which are appropriated for the fiscal year ending June 30, 1966, for the purpose of such part C pursuant to an authorization in the Economic Opportunity Act of 1964, or are allocated for such purpose from any appropriation for such year, shall be made available, to the extent unexpended on the date of enactment of this Act, to the Commissioner for carrying out such part C, and the total of such sums (including amounts expended prior to such date) shall be deducted from the authorization in this section for such year. Sixty million dollars of the authorization for title I of the Economic Opportunity Act of 1964 for the fiscal year ending June 30, 1966, as contained in section 131 of such Act, shall be only for the purpose of part C of such title. No provision in the Economic Opportunity Act of 1964 which authorizes the appropriation of funds to carry out that Act shall apply to such part C after June 30, 1966.

78 Stat. 513.
42 USC 2751-
2756.

42 USC 2761.

PART D—AMENDMENTS TO NATIONAL DEFENSE EDUCATION ACT OF 1958

DEFINITION OF INSTITUTION OF HIGHER EDUCATION

SEC. 461. Section 103(b) of the National Defense Education Act of 1958 is amended to read as follows:

“(b) The term ‘institution of higher education’ means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor’s degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose or, if not so accredited, (A) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. For purposes of title II, such term includes any school of nursing as defined in subsection (l) of this section, and also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of clauses (1), (2), (4), and (5). If the Commissioner determines that a particular category of such schools does not meet the requirements of clause (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, he shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of

72 Stat. 1582.
20 USC 403.

20 USC 421-429.
78 Stat. 1100.

persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the student loan program under title II, and (ii) determine whether particular schools not meeting the requirements of clause (5) meet those standards. For purposes of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered."

CONDITIONS OF AGREEMENTS; ADMINISTRATIVE COSTS

72 Stat. 1584.
20 USC 424.

SEC. 462. Clause (3) of section 204 of the National Defense Education Act of 1958 is amended to read as follows:

"(3) provide that such student loan fund shall be used only for (A) loans to students in accordance with such agreement, (B) capital distributions as provided in this title, (C) routine expenses incurred by the institution in administering the student loan fund, except that the amount withdrawn from such student loan fund for such routine expenses by an institution in any fiscal year may not exceed either (i) one-half of such routine expenses as estimated for that year by the Commissioner with the advice of an advisory committee which the Commissioner is hereby authorized to appoint on an annual or such other basis as he may deem appropriate, or (ii) 1 per centum of the aggregate of the outstanding loans made from that fund as of the close of that year, whichever is the lesser, and (D) costs of litigation, and other collection costs agreed to by the Commissioner, arising in connection with the collection of any loan from the fund, interest on such loan, or charge assessed with respect to that loan pursuant to section 205(c);".

Post, p. 1254.

20 USC 425.

TECHNICAL AMENDMENT FOR PART-TIME STUDENTS

SEC. 463. (a) The portion of section 205(b)(2) of the National Defense Education Act of 1958 which precedes clause (A)(ii) thereof is amended to read as follows:

"(2) such a loan shall be evidenced by a note or other written agreement which provides for repayment of the principal amount, together with interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments determined in accordance with such schedules as may be approved by the Commissioner) payable quarterly, bimonthly, or monthly (at the option of the institution) over a period beginning nine months after the date on which the borrower ceases to carry, at an institution of higher education or at a comparable institution outside the States approved for this purpose by the Commissioner, at least one-half the normal full-time academic workload as determined by that institution, and ending ten years and nine months after such date, except that (A) interest shall not accrue on any such loan, and installments need not be paid during any period (i) during which the borrower is carrying, at an institution of higher education or at a comparable institution outside the States approved for this purpose by the Commissioner, at least one-half the normal full-time academic workload as determined by the institution,".

78 Stat. 1102.

(b) Clause (D) of such section 205(b)(2) is amended by striking out "periodic", and by striking out "part-time" and inserting in lieu thereof "less than half-time".

(c) The amendments made by this section shall apply to a loan outstanding on the date of enactment of this Act only with the consent of the borrower and the institution which made the loan.

MINIMUM RATE OF REPAYMENT

SEC. 464. (a) Section 205(b)(2) of the National Defense Education Act of 1958 is further amended by striking out "and" before "(E)" and by inserting at the end thereof before the semicolon ", and (F) the institution may provide, in accordance with regulations of the Commissioner, that during the repayment period of the loan payments of principal and interest by the borrower with respect to all the outstanding loans made to him from loan funds established pursuant to this title shall be at a rate equal to not less than \$15 per month".

72 Stat. 1584.
20 USC 425.

(b) The amendment made by this section shall be applicable only with respect to loans made after the date of enactment of this Act.

CANCELLATION OF LOANS FOR TEACHERS

SEC. 465. (a) Section 205(b)(3) of the National Defense Education Act of 1958 is amended—

78 Stat. 1102.

(1) by inserting "total" before "amount" and by striking out ", which was unpaid on the first day of such service";

(2) by inserting "or its equivalent (as determined under regulations of the Commissioner)" after "academic year"; and

(3) by inserting before the semicolon at the end thereof a comma and the following: "except that (A) such rate shall be 15 per centum for each complete academic year or its equivalent (as determined under regulations of the Commissioner) of service as a full-time teacher in a public or other nonprofit elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title II of Public Law 874, Eighty-first Congress, as amended, and which for purposes of this clause and for that year has been determined by the Commissioner, pursuant to regulations and after consultation with the State educational agency of the State in which the school is located, to be a school in which there is a high concentration of students from low-income families, except that the Commissioner shall not make such determination with respect to more than 25 per centum of the total of the public and other nonprofit elementary and secondary schools in any one State for any one year, and (B) for the purposes of any cancellation pursuant to clause (A), an additional 50 per centum of any such loan (plus interest) may be cancelled but nothing in this paragraph shall authorize refunding any payment".

Ante, p. 27.

(b) The amendments made by clauses (1) and (3) of subsection (a) shall apply with respect to service performed during academic years beginning after the date of enactment of this Act, whether the loan was made before or after such enactment. The amendment made by clause (2) of subsection (a) shall apply with respect to service performed during academic years beginning after the enactment of the National Defense Education Act Amendments, 1964, Public Law 88-665, whether or not the loan was made before or after such enactment.

78 Stat. 1100.
20 USC 401 note.

CHARGES

SEC. 466. (a) Section 205 of the National Defense Education Act of 1958 is further amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

Ante, pp. 1252,
1253.

“(c) Pursuant to regulations of the Commissioner, an institution may assess a charge with respect to a loan from the loan fund established by the institution pursuant to this title for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment benefits under section 205(b)(2) or cancellation benefits under section 205(b)(3), for any failure to file timely and satisfactory evidence of such entitlement. The amount of any such charge may not exceed—

“(1) in the case of a loan which is repayable in monthly installments, \$1 for the first month or part of a month by which such installment or evidence is late and \$2 for each such month or part of a month thereafter; and

“(2) in the case of a loan which has a bimonthly or quarterly repayment interval, \$3 and \$6, respectively, for each such interval or part thereof by which such installment or evidence is late.

The institution may elect to add the amount of any such charge to the principal amount of the loan as of the first day after the day on which such installment or evidence was due, or to make the amount of the charge payable to the institution not later than the due date of the next installment after receipt by the borrower of notice of the assessment of the charge.”

(b) Clause (2) of section 204 of such Act is amended by striking out “and (D)” and inserting in lieu thereof “(D) charges collected pursuant to section 205(c), and (E)”.

(c) The amendment made by subsection (a) shall be applicable only with respect to loans made after the date of enactment of this Act.

ECONOMICS, CIVICS, AND INDUSTRIAL ARTS

78 Stat. 1103.
20 USC 443.

20 USC 441.

20 USC 591.

SEC. 467. (a) (1) Clauses (1) and (5) of section 303(a) of the National Defense Education Act of 1958 are each amended by inserting “economics,” after “geography.”.

(2) Section 301 of such Act is amended by striking out “and \$90,000,000 for the fiscal year ending June 30, 1965, and for each of the three succeeding fiscal years” and inserting in lieu thereof “\$90,000,000 for the fiscal year ending June 30, 1965, and \$100,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years”.

(b) Section 1101 of such Act is amended—

(1) by striking out “each of the three succeeding fiscal years” and inserting in lieu thereof “\$50,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years”; and

(2) by inserting “economics, civics, industrial arts,” after “geography.”.

TITLE V—TEACHER PROGRAMS

PART A—GENERAL PROVISIONS

ADVISORY COUNCIL ON QUALITY TEACHER PREPARATION

Establishment.

SEC. 501. (a) The Commissioner shall establish in the Office of Education an Advisory Council on Quality Teacher Preparation for the purpose of reviewing the administration and operation of the programs carried out under this title and of all other Federal programs for complementary purposes. This review shall pay particular attention to the effectiveness of these programs in attracting, preparing, and retaining highly qualified elementary and secondary school teachers,

and it shall include recommendations for the improvement of these programs. The Council shall consist of the Commissioner, who shall be Chairman, and twelve members appointed for staggered terms and without regard to the civil service laws, by the Commissioner with the approval of the Secretary. Such twelve members shall include persons knowledgeable with respect to teacher preparation and the needs of urban and rural schools, and representatives of the general public.

(b) Members of such Advisory Council who are not regular full-time employees of the United States shall, while attending meetings or conferences of such Council or otherwise engaged on business of such Council, be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding \$100 per diem, including travel time, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

Compensation.

60 Stat. 808;
75 Stat. 339, 340.

(c) The Council may appoint an Executive Secretary and such other employees as the Council deems necessary to carry out its functions under this title.

LIMITATION

SEC. 502. Nothing contained in this title shall be construed to authorize the making of any payment under this title for religious worship or instruction.

PART B—NATIONAL TEACHER CORPS

STATEMENT OF PURPOSE AND AUTHORIZATION OF APPROPRIATIONS

SEC. 511. (a) The purpose of this part is to strengthen the educational opportunities available to children in areas having concentrations of low-income families and to encourage colleges and universities to broaden their programs of teacher preparation by—

(1) attracting and training qualified teachers who will be made available to local educational agencies for teaching in such areas; and

(2) attracting and training inexperienced teacher-interns who will be made available for teaching and inservice training to local educational agencies in such areas in teams led by an experienced teacher.

(b) For the purpose of carrying out this part, there are authorized to be appropriated \$36,100,000 for the fiscal year ending June 30, 1966, and \$64,715,000 for the fiscal year ending June 30, 1967.

ESTABLISHMENT OF NATIONAL TEACHER CORPS

SEC. 512. In order to carry out the purposes of this part, there is hereby established in the Office of Education a National Teacher Corps (hereinafter referred to as the "Teacher Corps"). The Teacher Corps shall be headed by a Director who shall be compensated at the rate prescribed for grade 17 of the General Schedule of the Classification Act of 1949, and a Deputy Director who shall be compensated at the rate prescribed for grade 16 of such General Schedule. The Director and the Deputy Director shall perform such duties as are delegated to them by the Commissioner.

Establishment.

Ante, p. 1111.

TEACHER CORPS PROGRAM

SEC. 513. (a) For the purpose of carrying out this part, the Commissioner is authorized to—

(1) recruit, select, and enroll experienced teachers, and inexperienced teacher-interns who have a bachelor's degree or its equivalent, in the Teacher Corps for periods of up to two years;

(2) enter into arrangements, through grants or contracts, with institutions of higher education or State or local educational agencies to provide members of the Teacher Corps with such training as the Commissioner may deem appropriate to carry out the purposes of this part, including not more than three months of training for members before they undertake their teaching duties under this part;

(3) enter into arrangements (including the payment of the cost of such arrangements) with local educational agencies, after consultation in appropriate cases with State educational agencies and institutions of higher education, to furnish to local educational agencies, for service during regular or summer sessions, or both, in the schools of such agencies in areas having concentrations of children from low-income families, either or both (A) experienced teachers, or (B) teaching teams, each of which shall consist of an experienced teacher and a number of teacher-interns who, in addition to teaching duties, shall be afforded time by the local educational agency for a teacher-intern training program developed according to criteria established by the Commissioner and carried out under the guidance of the experienced teacher in cooperation with an institution of higher education; and

(4) pay to local educational agencies the amount of the compensation which such agencies pay to or on behalf of members of the Teacher Corps assigned to them pursuant to arrangements made pursuant to the preceding clause.

(b) Arrangements with institutions of higher education to provide training for teacher-interns while teaching in schools for local educational agencies under the provisions of this part shall provide, whenever possible, for training leading to a graduate degree.

(c) (1) Whenever the Commissioner determines that the demand for the services of experienced teachers or of teaching teams furnished pursuant to clause (3) of subsection (a) exceeds the number of experienced teachers or teaching teams available from the Teacher Corps, the Commissioner shall, to the extent practicable, allocate experienced teachers or teaching teams, as the case may be, from the Teacher Corps among the States in accordance with paragraph (2).

(2) Not to exceed 2 per centum of such teachers or teams, as the case may be, shall be allocated to Puerto Rico, and the Virgin Islands according to their respective needs. The remainder of such teams or teachers, as the case may be, shall be allocated among the other States in proportion to the number of children counted in each State for the purpose of determining the amount of basic grants made under section 203 of title II of Public Law 874, Eighty-first Congress, as amended, for the fiscal year for which the allocation is made.

(d) A local educational agency may utilize members of the Teacher Corps assigned to it in providing, in the manner described in section 205(a)(2) of Public Law 874, Eighty-first Congress, as amended, educational services in which children enrolled in private elementary and secondary schools can participate.

COMPENSATION

SEC. 514. (a) An arrangement made with a local educational agency pursuant to paragraph (3) of section 513(a) shall provide for compensation by such agency of Teacher Corps members during the period of their assignment to it at the following rates:

(1) an experienced teacher who is not leading a teaching team shall be compensated at a rate which is equal to the rate paid by such agency for a teacher with similar training and experience who has been assigned similar teaching duties;

(2) an experienced teacher who is leading a teaching team shall be compensated at a rate agreed to by such agency and the Commissioner; and

(3) a teacher-intern shall be compensated at a rate which is equal to the lowest rate paid by such agency for teaching full time in the school system and grade to which the intern is assigned.

(b) For any period of training under this part the Commissioner shall pay to members of the Teacher Corps such stipends (including allowances for subsistence and other expenses for such members and their dependents) as he may determine to be consistent with prevailing practices under comparable federally supported training programs.

(c) The Commissioner shall pay the necessary travel expenses of members of the Teacher Corps and their dependents and necessary expenses for the transportation of the household goods and personal effects of such members and their dependents, and such other necessary expenses of members as are directly related to their service in the Corps, including readjustment allowances proportionate to service.

(d) The Commissioner is authorized to make such arrangements as may be possible, including the payment of any costs incident thereto, to protect the tenure, retirement rights, participation in a medical insurance program, and such other similar employee benefits as the Commissioner deems appropriate, of a member of the Teacher Corps who participates in any program under this part and who indicates his intention to return to the local educational agency or institution of higher education by which he was employed immediately prior to his service under this part.

APPLICATION OF PROVISIONS OF FEDERAL LAW

SEC. 515. (a) Except as otherwise specifically provided in this section, a member of the Teacher Corps shall be deemed not to be a Federal employee and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(b) (1) Such members shall, for the purposes of the administration of the Federal Employees' Compensation Act (5 U.S.C. 751 et seq.), be deemed to be civil employees of the United States within the meaning of the term "employee" as defined in section 40 of such Act (5 U.S.C. 790) and the provisions thereof shall apply except as hereinafter provided.

(2) For purposes of this subsection:

(A) the term "performance of duty" in the Federal Employees' Compensation Act shall not include any act of a member of the Teacher Corps—

(i) while on authorized leave; or

(ii) while absent from his assigned post of duty, except while participating in an activity authorized by or under the direction or supervision of the Commissioner; and

39 Stat. 742.

63 Stat. 860.

"Performance of duty."

39 Stat. 742;
63 Stat. 854.
5 USC 751 note.

Ante, p. 1111.

62 Stat. 982.
28 USC 2671-
2680.

(B) in computing compensation benefits for disability or death under the Federal Employees' Compensation Act, the monthly pay of a member of the Teacher Corps shall be deemed to be his actual pay or that received under the entrance salary for grade 6 of the General Schedule of the Classification Act of 1949, whichever is greater.

(c) Such members shall be deemed to be employees of the Government for the purposes of the Federal tort claims provisions of title 28, United States Code.

LOCAL CONTROL PRESERVED

SEC. 516. Members of the Teacher Corps shall be under the direct supervision of the appropriate officials of the local educational agencies to which they are assigned. Except as otherwise provided in clause (3) of section 513(a), such agencies shall retain the authority to—

- (1) assign such members within their systems;
- (2) make transfers within their systems;
- (3) determine the subject matter to be taught;
- (4) determine the terms and continuance of the assignment of such members within their systems.

MAINTENANCE OF EFFORT

SEC. 517. No member of the Teacher Corps shall be furnished to any local educational agency under the provisions of this part if such agency will use such member to replace any teacher who is or would otherwise be employed by such agency.

PART C—FELLOWSHIPS FOR TEACHERS

STATEMENT OF PURPOSE

SEC. 521. The Congress hereby declares it to be the policy of the United States to improve the quality of education offered by the elementary and secondary schools of the Nation by improving the quality of the education of persons who are pursuing or who plan to pursue a career in elementary and secondary education. The purpose of this part is to carry out this policy by awarding fellowships for graduate study at institutions of higher education and by developing or strengthening teacher education programs in institutions of higher education. For the purpose of this part the term "career in elementary and secondary education" means a career of teaching in elementary or secondary schools, a career of teaching, guiding, or supervising such teachers or persons who plan to become such teachers, or a career in fields which are directly related to teaching in elementary or secondary schools, such as library science, school social work, guidance and counseling, educational media, and special education for handicapped children.

"Career in elementary and secondary education."

FELLOWSHIPS AUTHORIZED

SEC. 522. (a) The Commissioner is authorized to award not to exceed four thousand five hundred fellowships for the fiscal year ending June 30, 1966, ten thousand fellowships for the fiscal year ending June 30, 1967, and ten thousand fellowships for the fiscal year ending June 30, 1968. Fellowships awarded under the provisions of this part shall be for graduate study leading to an advanced degree other than a doctor of philosophy, or equivalent degree, for persons

who are pursuing or plan to pursue a career in elementary and secondary education. Such fellowships shall be awarded as provided in sections 523 and 524 of this part and for such periods as the Commissioner may determine but not to exceed twenty-four months.

(b) In addition to the number of fellowships authorized to be awarded by subsection (a) of this section, the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this part but vacated prior to the end of the period for which they were awarded; except that each fellowship awarded under this subsection shall be for such period of study, not in excess of the remainder of the period for which the fellowship which it replaces was awarded, as the Commissioner may determine.

ALLOCATION OF FELLOWSHIPS

SEC. 523. The Commissioner shall allocate fellowships under this part to institutions of higher education with programs approved under the provisions of section 524(a) for the use of individuals accepted into such programs, in such manner and according to such plan as will most nearly—

(1) provide an equitable distribution of such fellowships throughout the States, except that to the extent he deems proper in the national interest after consultation with the Advisory Council on Quality Teacher Preparation the Commissioner may give preference to programs designed to meet an urgent national need, and

(2) encourage experienced teachers in elementary or secondary schools and other experienced personnel in elementary or secondary education to enter graduate programs, attract recent college graduates to pursue a career in elementary and secondary education, and afford opportunities for college graduates engaged in other occupations or activities to pursue or return to a career in elementary and secondary education.

Ante, p. 1254.

APPROVAL OF PROGRAMS; GRANTS

SEC. 524. (a) The Commissioner shall approve a graduate program of an institution of higher education only upon application by the institution and only upon his finding—

(1) that such program will substantially further the objective of improving the quality of education of persons who are pursuing or intend to pursue a career in elementary and secondary education,

(2) that such program gives emphasis to high-quality substantive courses,

(3) that such program is of high quality and either is in effect or readily attainable, and

(4) that only persons who demonstrate a serious intent to pursue or to continue a career in elementary and secondary education will be accepted for study in the program.

(b) For the purpose of obtaining an appropriate geographical distribution of high-quality programs for the training of personnel for elementary or secondary education, the Commissioner is authorized to make grants to and contracts with institutions of higher education to pay part of the cost of developing or strengthening graduate programs which meet the requirements of subsection (a).

Experts and
consultants.

60 Stat. 810.

60 Stat. 808;
75 Stat. 339, 340.

(c) The Commissioner may employ experts and consultants, as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U.S.C. 55a), to advise him with respect to the making of grants and contracts and the approving of programs under this section, and he shall set forth in regulations the standards and priorities which will be utilized in approving such grants and contracts. Experts and consultants employed pursuant to this subsection may be compensated while so employed at rates not in excess of \$100 per diem, including travel time, and may be allowed while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5 of such Act (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

STIPENDS

SEC. 525. (a) The Commissioner shall pay to persons awarded fellowships under this part such stipends (including such allowances for subsistence and other expenses for such persons and their dependents) as he may determine to be consistent with prevailing practices under comparable federally supported programs.

(b) In addition to the amounts paid to persons pursuant to subsection (a), the Commissioner shall pay to the institution of higher education at which such person is pursuing his course of study an amount equivalent to \$2,500 per academic year, less any amount charged such person for tuition and nonrefundable fees and deposits.

LIMITATION

"School or de-
partment of di-
vinity."

SEC. 526. No fellowships shall be awarded under this part for study at a school or department of divinity. For the purposes of this section, the term "school or department of divinity" means an institution or department or branch of an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects.

FELLOWSHIP CONDITIONS

SEC. 527. A person awarded a fellowship under the provisions of this part shall continue to receive the payments provided in section 525(a) only during such periods as the Commissioner finds that he is maintaining satisfactory proficiency and devoting full time to study or research in the field in which such fellowship was awarded in an institution of higher education, and is not engaging in gainful employment other than such part-time employment in teaching, research, or similar activities related to his training as has been approved by the Commissioner.

APPROPRIATIONS

SEC. 528. There are hereby authorized to be appropriated to carry out this part \$40,000,000 for the fiscal year ending June 30, 1966, \$160,000,000 for the fiscal year ending June 30, 1967, \$275,000,000 for the fiscal year ending June 30, 1968, and such sums for the two succeeding fiscal years as may be necessary to enable persons who have been awarded fellowships prior to July 1, 1968, to complete their study under the fellowships.

TITLE VI—FINANCIAL ASSISTANCE FOR THE IMPROVEMENT OF UNDERGRADUATE INSTRUCTION**PART A—EQUIPMENT****STATEMENT OF PURPOSE AND AUTHORIZATION OF APPROPRIATIONS**

SEC. 601. (a) The purpose of this part is to improve the quality of classroom instruction in selected subject areas in institutions of higher education.

(b) There are hereby authorized to be appropriated \$35,000,000 for the fiscal year ending June 30, 1966, \$50,000,000 for the fiscal year ending June 30, 1967, and \$60,000,000 for the fiscal year ending June 30, 1968, to enable the Commissioner to make grants to institutions of higher education pursuant to this part for the acquisition of equipment and for minor remodeling described in section 603(2)(A).

(c) There are also authorized to be appropriated \$2,500,000 for the fiscal year ending June 30, 1966, and \$10,000,000 for the fiscal year ending June 30, 1967, and for the succeeding fiscal year, to enable the Commissioner to make grants to institutions of higher education pursuant to this part for the acquisition of television equipment and for minor remodeling described in section 603(2)(B).

(d) There is also authorized to be appropriated a sum not exceeding \$1,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to make grants in such amounts as he may consider necessary for the proper and efficient administration of the State plans approved under this part including expenses which he determines are necessary for the preparation of such plans.

(e) For the fiscal year ending June 30, 1969, and for the succeeding fiscal year, there may be appropriated for the purposes set forth in subsections (b), (c), and (d) of this section, only such sums as the Congress may hereafter authorize by law.

ALLOTMENTS TO STATES

SEC. 602. (a) (1) Of the funds appropriated pursuant to subsections (b) and (c) of section 601 for any fiscal year one-half shall be allotted by the Commissioner among the States so that the allotment to each State will be an amount which bears the same ratio to such one-half as the number of students enrolled in institutions of higher education in such State bears to the total number of students enrolled in such institutions in all the States; and the remaining one-half shall be allotted by him among the States in accordance with paragraph (2) of this subsection. For the purposes of this subsection, (A) the number of students enrolled in institutions of higher education shall be deemed to be equal to the sum of (i) the number of full-time students and (ii) the full-time equivalent of the number of part-time students as determined by the Commissioner in accordance with regulations; and (B) determinations as to enrollment shall be made by the Commissioner on the basis of data for the most recent year for which satisfactory data with respect to such enrollment are available to him.

(2) For the purposes of this paragraph the Commissioner shall allot to each State for each fiscal year an amount which bears the same ratio to the funds being allotted pursuant to this paragraph as the product of—

(A) the number of students enrolled in institutions of higher education in such State, and

(B) the State's allotment ratio,

bears to the sum of the corresponding products for all the States. For the purposes of this paragraph the allotment ratio for any State shall be 1.00 less the product of (i) 0.50 and (ii) the quotient obtained by dividing the income per person for the State by the income per person for all the States (not including Puerto Rico, the Virgin Islands, American Samoa, and Guam), except that the allotment ratio shall in no case be less than $0.33\frac{1}{3}$ or more than $0.66\frac{2}{3}$, and the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, and Guam shall be $0.66\frac{2}{3}$. The allotment ratios shall be promulgated by the Commissioner as soon as possible after enactment of this Act, and annually thereafter, on the basis of the average of the incomes per person of the States and of all the States for the three most recent consecutive calendar years for which satisfactory data are available from the Department of Commerce.

(b) (1) A State's allotment under subsection (a) from funds appropriated pursuant to section 601(b) shall be available in accordance with the provisions of this part for payment of the Federal share (as determined under section 604) of the cost of equipment and minor remodeling described in section 603(2)(A).

(2) A State's allotment under subsection (a) from funds appropriated pursuant to section 601(c) shall be available in accordance with the provisions of this part for payment of the Federal share (as determined under section 604) of the cost of television equipment and minor remodeling described in section 603(2)(B).

(c) Sums allotted to a State for the fiscal year ending June 30, 1966, shall remain available for reservation as provided in section 606 until the close of the next fiscal year, in addition to the sums allotted to such State for such next fiscal year. Sums allotted to a State for the fiscal year ending June 30, 1967, or for any succeeding fiscal year, which are not reserved as provided in section 606 by the close of the fiscal year for which they are allotted, shall be reallocated by the Commissioner, on the basis of such factors as he determines to be equitable and reasonable, among the States which, as determined by the Commissioner, are able to use without delay any amounts so reallocated. Amounts reallocated under this subsection shall be available for reservation until the close of the fiscal year next succeeding the fiscal year for which they were originally allotted.

STATE COMMISSIONS AND PLANS

SEC. 603. Any State desiring to participate in the program under this part shall designate for that purpose an existing State agency which is broadly representative of the public and of institutions of higher education in the State, or, if no such State agency exists, shall establish such a State agency, and submit to the Commissioner through the agency so designated or established (hereafter in this part referred to as the "State commission"), a State plan for such participation. The Commissioner shall approve any such plan which—

(1) provides that it shall be administered by the State commission;

(2) sets forth, consistently with basic criteria prescribed by regulation pursuant to section 604, objective standards and methods (A) for determining the relative priorities of eligible projects for the acquisition of laboratory and other special equipment (other than supplies consumed in use), including audio-

visual materials and equipment for classrooms or audiovisual centers, and printed and published materials (other than textbooks) for classrooms or libraries, suitable for use in providing education in science, mathematics, foreign languages, history, geography, government, English, other humanities, the arts, or education at the undergraduate level in institutions of higher education, and minor remodeling of classroom or other space used for such materials or equipment; (B) for determining relative priorities of eligible projects for (i) the acquisition of television equipment for closed-circuit direct instruction in such fields in such institutions (including equipment for fixed-service instructional television, as defined by the Federal Communications Commission, but not including broadcast transmission equipment), (ii) the acquisition of necessary instructional materials for use in such television instruction, and (iii) minor remodeling necessary for such television equipment; and (C) for determining the Federal share of the cost of each such project;

(3) provides (A) for assigning priorities solely on the basis of such criteria, standards, and methods to eligible projects submitted to the State commission and deemed by it to be otherwise approvable under the provisions of this part; and (B) for approving and recommending to the Commissioner, in the order of such priority, applications covering such eligible projects, and for certifying to the Commissioner the Federal share, determined by the State commission under the State plan, of the cost of the project involved;

(4) provides for affording to every applicant, which has submitted to the Station commission a project, an opportunity for a fair hearing before the commission as to the priority assigned to such project or as to any other determination of the commission adversely affecting such applicant; and

(5) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State commission under this part, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Commissioner to perform his functions under this part.

BASIC CRITERIA FOR DETERMINING PRIORITIES, FEDERAL SHARE, AND MAINTENANCE OF EFFORT

SEC. 604. (a) As soon as practicable after the enactment of this Act the Commissioner shall by regulation prescribe basic criteria to which the provisions of State plans setting forth standards and methods for determining relative priorities of eligible projects, and the application of such standards and methods to such projects under such plans, shall be subject. Such basic criteria (1) shall be such as will best tend to achieve the objectives of this part while leaving opportunity and flexibility for the development of State plan standards and methods that will best accommodate the varied needs of institutions in the several States, and (2) shall give special consideration to the financial need of the institution. Subject to the foregoing requirements, such regulations may establish additional and appropriate basic criteria, including provision for considering the degree to which applicant institutions are effectively utilizing existing facilities and equipment, provision for allowing State plans to group or provide for grouping, in a reasonable manner, facilities or institutions according to functional or educational type for priority purposes, and, in view of the national objectives of this Act, provision for considering the degree to which

the institution serves students from two or more States or from outside the United States; and in no event shall an institution's readiness to admit such out-of-State students be considered as a priority factor adverse to such institution.

Federal share.

(b) The Federal share for the purposes of this part shall not exceed 50 per centum of the cost of the project, except that a State commission may increase such share to not to exceed 80 per centum of such cost in the case of any institution proving insufficient resources to participate in the program under this part and inability to acquire such resources. An institution of higher education shall be eligible for a grant for a project pursuant to this part in any fiscal year only if such institution will expend during such year for the same purposes as, but not pursuant to, this part an amount at least equal to the amount expended by such institution for such purposes during the previous fiscal year. The Commissioner shall establish basic criteria for making determinations under this subsection.

APPLICATIONS FOR GRANTS AND CONDITIONS FOR APPROVAL

SEC. 605. (a) Institutions of higher education which desire to obtain grants under this part shall submit applications therefor at such time or times and in such manner as may be prescribed by the Commissioner, and such applications shall contain such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to make the determinations required to be made by him under this part.

(b) The Commissioner shall approve an application covering a project under this part and meeting the requirements prescribed pursuant to subsection (a) if—

(1) the project has been approved and recommended by the appropriate State commission;

(2) the State commission has certified to the Commissioner, in accordance with the State plan, the Federal share of the cost of the project, and sufficient funds to pay such Federal share are available from the applicable allotment of the State (including any applicable reallocation to the State);

(3) the project has, pursuant to the State plan, been assigned a priority that is higher than that of all other projects within such State (chargeable to the same allotment) which meet all the requirements of this section (other than this clause) and for which Federal funds have not yet been reserved;

(4) the Commissioner determines that the project will be undertaken in an economical manner and will not be overly elaborate or extravagant; and

(5) the Commissioner determines that the application contains or is supported by satisfactory assurances—

(A) that Federal funds received by the applicant will be used solely for defraying the cost of the project covered by such application,

(B) that sufficient funds will be available to meet the non-Federal portion of such cost and to provide for the effective use of the equipment upon completion, and

(C) that the institution will meet the maintenance of effort requirement in section 604(b).

(b) Amendments of applications shall, except as the Commissioner may otherwise provide by or pursuant to regulation, be subject to approval in the same manner as original applications.

AMOUNT OF GRANT—PAYMENT

SEC. 606. Upon his approval of any application for a grant under this part, the Commissioner shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such grant, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share of the cost of the project covered by such application. The Commissioner shall pay such reserved amount, in advance or by way of reimbursement, and in such installments as he may determine. The Commissioner's reservation of any amount under this section may be amended by him, either upon approval of an amendment of the application covering such project or upon revision of the estimated cost of a project with respect to which such reservation was made, and in the event of an upward revision of such estimated cost approved by him he may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

ADMINISTRATION OF STATE PLANS

SEC. 607. (a) The Commissioner shall not finally disapprove any State plan submitted under this part, or any modification thereof, without first affording the State commission submitting the plan reasonable notice and opportunity for a hearing.

Hearing opportunity.

(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the State commission administering a State plan approved under this part, finds—

(1) that the State plan has been so changed that it no longer complies with the provisions of section 603, or
 (2) that in the administration of the plan there is a failure to comply substantially with any such provision,
 the Commissioner shall notify such State commission that the State will not be regarded as eligible to participate in the program under this part until he is satisfied that there is no longer any such failure to comply.

JUDICIAL REVIEW

SEC. 608. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under this part or with his final action under section 607, such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

(b) The findings of fact by the Commissioner, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

"School or department of divinity."

LIMITATION ON PAYMENTS

SEC. 609. No grant may be made under this part for equipment or materials to be used for sectarian instruction or religious worship, or primarily in connection with any part of the program of a school or department of divinity. For purposes of this section the term "school or department of divinity" means an institution or a department or branch of an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

PART B—FACULTY DEVELOPMENT PROGRAMS

INSTITUTES AUTHORIZED

SEC. 621. (a) There are authorized to be appropriated \$5,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to arrange, through grants or contracts, with institutions of higher education for the operation by them of short-term workshops or short-term or regular-session institutes for individuals (1) who are engaged in, or preparing to engage in, the use of educational media equipment in teaching in institutions of higher education, or (2) who are, or are preparing to be, in institutions of higher education, specialists in educational media or librarians or other specialists using such media.

(b) For the fiscal year ending June 30, 1969, and for the succeeding fiscal year, there may be appropriated for the purposes of this part, only such sums as the Congress may hereafter authorize by law.

STIPENDS

SEC. 622. Each individual who attends an institute operated under the provisions of this part shall be eligible (after application therefor) to receive a stipend at the rate of \$75 per week for the period of his attendance at such institute and each such individual with one or more dependents shall receive an additional stipend at the rate of \$15 per week for each dependent. No stipends shall be paid for attendance at workshops.

TITLE VII—AMENDMENTS TO HIGHER EDUCATION FACILITIES ACT OF 1963

EXPANSION OF GRANT PURPOSES

77 Stat. 368.
20 USC 716.

SEC. 701. (a) Section 106 of the Higher Education Facilities Act of 1963 is amended to read as follows:

"ELIGIBILITY FOR GRANTS

"SEC. 106. An institution of higher education shall be eligible for a grant for construction of an academic facility under this title only if such construction will, either alone or together with other construction to be undertaken within a reasonable time, (1) result in an urgently needed substantial expansion of the institution's student enrollment capacity or capacity to carry out extension and continuing education programs on the campus of such institution, or (2) in the case of a new institution of higher education, result in creating urgently needed enrollment capacity or capacity to carry out extension and continuing education programs on the campus of such institution."

(b) The first sentence of section 101(b) of the Higher Education Facilities Act of 1963 is amended by striking out "and each of the two succeeding fiscal years" and inserting in lieu thereof "and for the succeeding fiscal year, and the sum of \$460,000,000 for the fiscal year ending June 30, 1966".

77 Stat. 364.
20 USC 711.

(c) The second sentence of section 201 of such Act is amended by striking out "and the sum of \$60,000,000 each for the fiscal year ending June 30, 1965, and the succeeding fiscal year" and inserting in lieu thereof "the sum of \$60,000,000 for the fiscal year ending June 30, 1965, and the sum of \$120,000,000 for the fiscal year ending June 30, 1966".

20 USC 731.

TECHNICAL AMENDMENTS

MAKING SECTION 103 ALLOTMENTS AVAILABLE FOR SECTION 104 INSTITUTIONS UNDER CERTAIN CIRCUMSTANCES

SEC. 702. (a) (1) Section 103(b) of the Higher Education Facilities Act of 1963 is amended by inserting "(1)" immediately after "(b)" in such section and by adding at the end thereof:

20 USC 713.

"(2) Notwithstanding any other provisions of this title, any portion of a State's allotment under this section for a fiscal year for which applications from an institution qualified to receive grants under this section have not been received by the State Commission by January 1 of such fiscal year, shall, if the Commission so requests, be available, in accordance with the provisions of this title, for payment of the Federal share (as determined under sections 108(b)(3) and 401(d)) of the development cost of approved projects for the construction of academic facilities within such State for institutions of higher education other than public community colleges and public technical institutes."

20 USC 718.
Post, p. 1268.

(2) The first sentence of section 103(c) is amended by striking out "for providing academic facilities for public community colleges or public technical institutes" and inserting in lieu thereof "for the purposes set forth in subsection (b) of this section".

20 USC 715.

(3) Section 105(a) is amended by striking out "hereinafter" in the matter preceding clause (1).

(4) Clause (3) of section 105(a) is amended by inserting "(except as provided in section 103(b)(2))" after "section 103 will be available".

MAKING SECTION 104 ALLOTMENTS AVAILABLE FOR SECTION 103 INSTITUTIONS UNDER CERTAIN CIRCUMSTANCES

(b) (1) Section 104(b) of the Higher Education Facilities Act of 1963 is amended by inserting "(1)" immediately after "(b)" in such section and by adding at the end thereof:

20 USC 714.

"(2) Notwithstanding any other provisions of this title, any portion of a State's allotment under this section for a fiscal year for which applications from an institution qualified to receive grants under this section have not been received by the State Commission by January 1 of such fiscal year, shall, if the Commission so requests, be available, in accordance with the provisions of this title, for payment of the Federal share (as determined under sections 108(b)(3) and 401(d)) of the development cost of approved projects for the construction of academic facilities within such State for public community colleges and public technical institutes."

(2) The first sentence of section 104(c) is amended by striking out "for providing academic facilities for institutions of higher education other than public community colleges and public technical institutes"

77 Stat. 367.
20 USC 715.
Ante, p. 1267.

and inserting in lieu thereof "for the purposes set forth in subsection (b) of this section".

(3) Clause (3) of section 105(a) is amended by inserting "(except as provided in section 104(b)(2))" after "section 104 will be available".

REVISING FEDERAL SHARE FOR PUBLIC COMMUNITY COLLEGES AND PUBLIC TECHNICAL INSTITUTES

(c) (1) Section 105(a)(2) of the Higher Education Facilities Act of 1963 is amended by striking out "other than a project for a public community college or public technical institute".

(2) Section 107(b) of such Act is amended (1) by striking out "other than a project for a public community college or public technical institute", and (2) by striking out "shall be 40 per centum" and inserting in lieu thereof "shall in no event exceed 40 per centum".

(3) Section 401(d) of such Act is amended by inserting immediately before "40 per centum" the following: "a percentage (as determined under the applicable State plan) not in excess of".

20 USC 717.

20 USC 751.

20 USC 731.

20 USC 743.

THREE-YEAR AVAILABILITY OF SUMS APPROPRIATED UNDER SECTION 201

(d) The last sentence of section 201 of the Higher Education Facilities Act of 1963 is amended to read as follows: Sums appropriated pursuant to this section for any fiscal year shall remain available for grants under this title until the end of the second succeeding fiscal year.

TWO-YEAR AVAILABILITY OF TITLE III FUNDS

(e) Section 303(c) of the Higher Education Facilities Act of 1963 is amended by adding at the end the following new sentence: "Sums appropriated pursuant to this subsection for any fiscal year shall remain available for loans under this title until the end of the next succeeding fiscal year."

COORDINATION WITH PART A (GRANTS FOR EXPANSION AND IMPROVEMENT OF NURSE TRAINING) OF TITLE VIII OF THE PUBLIC HEALTH SERVICE ACT

(f) Effective with respect to applications for grants and loans submitted after the date of enactment of this Act, clause (E) of section 401(a)(2) of the Higher Education Facilities Act of 1963 is amended to read as follows: "(E) any facility used or to be used by a school of medicine, school of dentistry, school of osteopathy, school of pharmacy, school of optometry, school of podiatry, or school of public health as these terms are defined in section 724 of the Public Health Service Act, or a school of nursing as defined in section 843 of that Act."

CHANGE IN INTEREST RATE FOR TITLE III LOANS

77 Stat. 169;
78 Stat. 918.
42 USC 293d,
298b.

SEC. 703. (a) Subsection (b) of section 303 of the Higher Education Facilities Act of 1963 is amended by inserting "(1)" after "shall bear interest at", and by inserting before the period at the end thereof a comma and the following: "or (2) the rate of 3 per centum per annum, whichever is the lesser".

(b) The amendment made by this section shall be applicable only with respect to loans made after the date of enactment of this Act.

TITLE VIII—GENERAL PROVISIONS

DEFINITIONS

SEC. 801. As used in this Act—

(a) The term “institution of higher education” means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited. Such term also includes any business school or technical institution which meets the provisions of clauses (1), (2), (4), and (5). For purposes of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

(b) The term “State” includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, and the Virgin Islands.

(c) The term “nonprofit” as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(d) The term “secondary school” means a school which provides secondary education as determined under State law except that it does not include any education provided beyond grade 12.

(e) The term “Secretary” means the Secretary of Health, Education, and Welfare.

(f) The term “Commissioner” means the Commissioner of Education.

(g) The term “local educational agency” means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, town, townsl ip, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

(h) The term “State educational agency” means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

(i) The term “elementary school” means a school which provides elementary education including education below grade 1, as determined under State law.

METHOD OF PAYMENT

SEC. 802. Payments under this Act to any individual or to any State or Federal agency, institution of higher education, or any other organization, pursuant to a grant, loan, or contract, may be made in installments, and in advance or by way of reimbursement, and, in the case of grants or loans, with necessary adjustments on account of overpayments or underpayments.

FEDERAL ADMINISTRATION

SEC. 803. (a) The Commissioner is authorized to delegate any of his functions under this Act, except the making of regulations, to any officer or employee of the Office of Education.

(b) In administering the provisions of this Act, the Commissioner is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof.

FEDERAL CONTROL OF EDUCATION PROHIBITED

SEC. 804. (a) Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, or over the selection of library resources by any educational institution.

(b) Nothing contained in this Act or any other Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the membership practices or internal operations of any fraternal organization, fraternity, sorority, private club or religious organization at an institution of higher education (other than a service academy or the Coast Guard Academy) which is financed exclusively by funds derived from private sources and whose facilities are not owned by such institution.

Approved November 8, 1965.

Public Law 89-330

November 8, 1965
[S. 2092]

AN ACT

To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to various fruits and vegetables to provide for paid advertising.

Agriculture.
Marketing or-
ders, paid adver-
tising.

61 Stat. 707.
7 USC 602.

68 Stat. 906;
76 Stat. 632.
7 USC 608c.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended as follows:

(a) Section 2(3) is amended by inserting "such container and pack requirements provided in section 8(c)(6)(H)", immediately after "establish and maintain".

(b) The proviso at the end of section 8c(6)(I) is amended by inserting: ", carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans, or avocados" immediately after "applicable to cherries".

Approved November 8, 1965.