

105TH CONGRESS
2D SESSION

S. 1882

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

IN THE SENATE OF THE UNITED STATES

MARCH 30, 1998

Mr. JEFFORDS (for himself, Mr. KENNEDY, Mr. COATS, and Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Higher Education
5 Amendments of 1998”.

6 **SEC. 2. REFERENCES.**

7 Except as otherwise expressly provided, whenever in
8 this Act an amendment or repeal is expressed in terms
9 of an amendment to, or repeal of, a section or other provi-
10 sion, the reference shall be considered to be made to a

1 section or other provision of the Higher Education Act of
2 1965 (20 U.S.C. 1001 et seq.).

3 **TITLE I—GENERAL PROVISIONS**

4 **SEC. 101. GENERAL PROVISIONS.**

5 (a) REPEAL; TRANSFER AND REDESIGNATION.—The
6 Act (20 U.S.C. 1001 et seq.) is amended—

7 (1) by repealing title I (20 U.S.C. 1001 et
8 seq.);

9 (2) by repealing sections 1203, 1206, 1211, and
10 1212 (20 U.S.C. 1143, 1145a, 1145e, and 1145f);

11 (3) by striking the heading for title XII (20
12 U.S.C. 1141 et seq.);

13 (4) by inserting before title III (20 U.S.C. 1051
14 et seq.) the following:

15 **“TITLE I—GENERAL** 16 **PROVISIONS”;**

17 (5) by transferring sections 1201, 1202, 1204
18 (as renumbered by Public Law 90–575), 1204 (as
19 added by Public Law 96–374), 1205, 1207, 1208,
20 1209, 1210, and 1213 (20 U.S.C. 1141, 1142,
21 1144, 1144a, 1145, 1145b, 1145c, 1145d, 1145d–1,
22 and 1145g) to follow the heading for title I (as in-
23 serted by paragraph (4)); and

24 (6) by redesignating sections 1201, 1202, 1204
25 (as renumbered by Public Law 90–575), 1204 (as

1 added by Public Law 96–374), 1205, 1207, 1208,
2 1209, 1210, and 1213 as sections 101, 102, 103,
3 104, 105, 106, 107, 108, 109, and 110, respectively.

4 **SEC. 102. FEDERAL CONTROL OF EDUCATION PROHIBITED.**

5 Section 103 (as redesignated by section 101(a)(6))
6 (20 U.S.C. 1144) is amended by striking “(b)”.

7 **SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITU-**
8 **TIONAL QUALITY AND INTEGRITY.**

9 Section 105 (as redesignated by section 101(a)(6))
10 (20 U.S.C. 1145) is amended—

11 (1) by striking the last sentence of subsection
12 (a);

13 (2) by redesignating subsections (c) through (f)
14 as subsections (d) through (g), respectively;

15 (3) by inserting after subsection (b) the follow-
16 ing:

17 “(c) PUBLIC NOTICE.—The Secretary shall—

18 “(1) annually publish in the Federal Register a
19 list containing the name of each member of the
20 Committee and the date of the expiration of the
21 term of office of the member; and

22 “(2) publicly solicit nominations for each vacant
23 position or expiring term of office on the Commit-
24 tee.”;

1 (4) in subsection (d) (as redesignated by para-
2 graph (2))—

3 (A) by striking paragraph (6); and

4 (B) by redesignating paragraphs (7) and
5 (8) as paragraphs (6) and (7), respectively; and

6 (5) in subsection (g) (as redesignated by para-
7 graph (2)), by striking “1998” and inserting
8 “2004”.

9 **SEC. 104. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF**
10 **PAYMENTS.**

11 Title I (20 U.S.C. 1001 et seq.) is amended by adding
12 after section 110 (as redesignated by section 101(a)(6))
13 the following:

14 **“SEC. 111. PRIOR RIGHTS AND OBLIGATIONS.**

15 **“(a) AUTHORIZATION OF APPROPRIATIONS.—**

16 **“(1) PRE-1987 PARTS C AND D OF TITLE VII.—**

17 There are authorized to be appropriated such sums
18 as may be necessary for fiscal year 1999 and for
19 each of the 4 succeeding fiscal years to pay obliga-
20 tions incurred prior to 1987 under parts C and D
21 of title VII, as such parts were in effect before the
22 effective date of the Higher Education Amendments
23 of 1992.

24 **“(2) POST-1992 AND PRE-1998 PART C OF TITLE**
25 **VII.—**There are authorized to be appropriated such

1 sums as may be necessary for fiscal year 1999 and
2 for each of the 4 succeeding fiscal years to pay obli-
3 gations incurred prior to the date of enactment of
4 the Higher Education Amendments of 1998 under
5 part C of title VII, as such part was in effect during
6 the period—

7 “(A) after the effective date of the Higher
8 Education Amendments of 1992; and

9 “(B) prior to the date of enactment of the
10 Higher Education Amendments of 1998.

11 “(b) LEGAL RESPONSIBILITIES.—

12 “(1) PRE-1987 TITLE VII.—All entities with con-
13 tinuing obligations incurred under parts A, B, C,
14 and D of title VII, as such parts were in effect be-
15 fore the effective date of the Higher Education
16 Amendments of 1992, shall be subject to the re-
17 quirements of such part as in effect before the effec-
18 tive date of the Higher Education Amendments of
19 1992.

20 “(2) POST-1992 AND PRE-1998 PART C OF TITLE
21 VII.—All entities with continuing obligations in-
22 curred under part C of title VII, as such part was
23 in effect during the period—

24 “(A) after the effective date of the Higher
25 Education Amendments of 1992; and

1 “(B) prior to the date of enactment of the
2 Higher Education Amendments of 1998,
3 shall be subject to the requirements of such part as
4 such part was in effect during such period.

5 **“SEC. 112. RECOVERY OF PAYMENTS.**

6 “(a) PUBLIC BENEFIT.—Congress declares that, if a
7 facility constructed with the aid of a grant under part A
8 of title VII as such part A was in effect prior to the date
9 of enactment of the Higher Education Amendments of
10 1998, or part B of such title as such part B was in effect
11 prior to the date of enactment of the Higher Education
12 Amendments of 1992, is used as an academic facility for
13 20 years following completion of such construction, the
14 public benefit accruing to the United States will equal in
15 value the amount of the grant. The period of 20 years
16 after completion of such construction shall therefore be
17 deemed to be the period of Federal interest in such facility
18 for the purposes of such title as so in effect.

19 “(b) RECOVERY UPON CESSATION OF PUBLIC BENE-
20 FIT.—If, within 20 years after completion of construction
21 of an academic facility which has been constructed, in part
22 with a grant under part A of title VII as such part A
23 was in effect prior to the date of enactment of the Higher
24 Education Amendments of 1998, or part B of title VII

1 as such part B was in effect prior to the date of enactment
2 of the Higher Education Amendments of 1992—

3 “(1) the applicant under such parts as so in ef-
4 fect (or the applicant’s successor in title or posses-
5 sion) ceases or fails to be a public or nonprofit insti-
6 tution, or

7 “(2) the facility ceases to be used as an aca-
8 demic facility, or the facility is used as a facility ex-
9 cluded from the term ‘academic facility’ (as such
10 term was defined under title VII, as so in effect),
11 unless the Secretary determines that there is good
12 cause for releasing the institution from its obliga-
13 tion,

14 the United States shall be entitled to recover from such
15 applicant (or successor) an amount which bears to the
16 value of the facility at that time (or so much thereof as
17 constituted an approved project or projects) the same ratio
18 as the amount of Federal grant bore to the cost of the
19 facility financed with the aid of such grant. The value shall
20 be determined by agreement of the parties or by action
21 brought in the United States district court for the district
22 in which such facility is situated.

23 “(c) PROHIBITION ON USE FOR RELIGION.—Not-
24 withstanding the provisions of subsections (a) and (b), no
25 project assisted with funds under title VII (as in effect

1 prior to the date of enactment of the Higher Education
 2 Amendments of 1998) shall ever be used for religious wor-
 3 ship or a sectarian activity or for a school or department
 4 of divinity.”.

5 **SEC. 105. TECHNICAL AND CONFORMING AMENDMENTS.**

6 (a) CONFORMING AMENDMENTS CORRECTING REF-
 7 ERENCES TO SECTION 1201.—

8 (1) AGRICULTURE.—

9 (A) STUDENT INTERNSHIP PROGRAMS.—

10 Section 922 of the Federal Agriculture Im-
 11 provement and Reform Act of 1996 (7 U.S.C.
 12 2279c) is amended—

13 (i) in subsection (a)(1)(B)—

14 (I) by striking “1201” and in-
 15 sserting “101”; and

16 (II) by striking “(20 U.S.C.
 17 1141)”; and

18 (ii) in subsection (b)(1)—

19 (I) by striking “1201” and in-
 20 sserting “101”; and

21 (II) by striking “(20 U.S.C.
 22 1141)”.

23 (B) AGRICULTURAL SCIENCES EDU-

24 CATION.—Section 1417(h)(1)(A) of the Na-
 25 tional Agricultural Research, Extension, and

1 Teaching Policy Act of 1977 (7 U.S.C.
2 3152(h)(1)(A)) is amended—

3 (i) by striking “1201(a)” and insert-
4 ing “101(a)”; and

5 (ii) by striking “(20 U.S.C.
6 1141(a))”.

7 (2) ARMED FORCES.—

8 (A) SCIENCE AND MATHEMATICS EDU-
9 CATION IMPROVEMENT PROGRAM.—Section
10 2193(c)(1) of title 10, United States Code, is
11 amended—

12 (i) by striking “1201(a)” and insert-
13 ing “101(a)”; and

14 (ii) by striking “(20 U.S.C.
15 1141(a))”.

16 (B) SUPPORT OF SCIENCE, MATHEMATICS,
17 AND ENGINEERING EDUCATION.—Section
18 2199(2) of title 10, United States Code, is
19 amended—

20 (i) by striking “1201(a)” and insert-
21 ing “101(a)”; and

22 (ii) by striking “(20 U.S.C.
23 1141(a))”.

24 (C) ALLOWABLE COSTS UNDER DEFENSE
25 CONTRACTS.—Section 841(c)(2) of the National

1 Defense Authorization Act for fiscal year 1994
2 (10 U.S.C. 2324 note) is amended—

3 (i) by striking “1201(a)” and insert-
4 ing “101(a)”; and

5 (ii) by striking “(20 U.S.C.
6 1141(a))”.

7 (D) ENVIRONMENTAL RESTORATION INSTI-
8 TUTIONAL GRANTS FOR TRAINING DISLOCATED
9 DEFENSE WORKERS AND YOUNG ADULTS.—Sec-
10 tion 1333(i)(3) of the National Defense Author-
11 ization Act for fiscal year 1994 (10 U.S.C.
12 2701 note) is amended—

13 (i) by striking “1201(a)” and insert-
14 ing “101(a)”; and

15 (ii) by striking “(20 U.S.C.
16 1141(a))”.

17 (E) ENVIRONMENTAL EDUCATION OPPOR-
18 TUNITIES PROGRAM.—Section 1334(k)(3) of the
19 National Defense Authorization Act for fiscal
20 year 1994 (10 U.S.C. 2701 note) is amended—

21 (i) by striking “1201(a)” and insert-
22 ing “101(a)”; and

23 (ii) by striking “(20 U.S.C.
24 1141(a))”.

1 (F) ENVIRONMENTAL SCHOLARSHIP AND
2 FELLOWSHIP PROGRAMS.—Section 4451(b)(1)
3 of the National Defense Authorization Act for
4 1993 (10 U.S.C. 2701 note) is amended—

5 (i) by striking “1201(a)” and insert-
6 ing “101(a)”; and

7 (ii) by striking “(20 U.S.C.
8 1141(a))”.

9 (3) APPLICATION OF ANTITRUST LAWS TO
10 AWARD OF NEED-BASED EDUCATIONAL AID.—Sec-
11 tion 568(c)(3) of the Improving America’s Schools
12 Act of 1994 (15 U.S.C. 1 note) is amended—

13 (A) by striking “1201(a)” and inserting
14 “101(a)”; and

15 (B) by striking “(20 U.S.C. 1141(a))”.

16 (4) RESTRICTIONS ON FORMER OFFICERS, EM-
17 PLOYEES, AND ELECTED OFFICIALS OF THE EXECU-
18 TIVE AND LEGISLATIVE BRANCHES.—Section
19 207(j)(2)(B) of title 18, United States Code, is
20 amended by striking “1201(a)” and inserting
21 “101(a)”.

22 (5) EDUCATION.—

23 (A) HIGHER EDUCATION AMENDMENTS OF
24 1992.—Section 1(c) of the Higher Education
25 Amendments of 1992 (20 U.S.C. 1001 note) is

1 amended by striking “1201” and inserting
2 “101”.

3 (B) PART F DEFINITIONS.—Section 481 of
4 the Higher Education Act of 1965 (20 U.S.C.
5 1088) is amended—

6 (i) in subsection (a)—

7 (I) in the matter preceding para-
8 graph (1)(A), by striking “1201(a)”
9 and inserting “101(a)”;

10 (II) in paragraph (1)(C), by
11 striking “1201(a)” and inserting
12 “101(a)”;

13 (III) in the first sentence of the
14 matter preceding clause (i) of para-
15 graph (2)(A), by striking “1201(a)”
16 and inserting “101(a)”;

17 (IV) in the matter following
18 paragraph (2)(B)(ii), by striking
19 “1201(a)” and inserting “101(a)”;

20 (ii) in subsection (b)—

21 (I) in the first sentence—

22 (aa) in paragraph (2), by
23 striking “1201(a)” and inserting
24 “101(a)”;

1 (bb) in paragraph (3), by
2 striking “1201(a)” and inserting
3 “101(a)”;

4 (II) in the second sentence, by
5 striking “1201(a)” and inserting
6 “101(a)”;

7 (iii) in subsection (c)—

8 (I) in the first sentence, by strik-
9 ing “1201(a)” and inserting
10 “101(a)”;

11 (II) in the second sentence, by
12 striking “1201(a)” and inserting
13 “101(a)”.

14 (C) TREATMENT OF BRANCHES.—Section
15 498(j)(2) of the Higher Education Act of 1965
16 (20 U.S.C. 1099c(j)(2)) is amended by striking
17 “1201(a)(2)” and inserting “101(a)(2)”.

18 (D) SMALL STATE TEACHING INITIA-
19 TIVE.—Section 591(d)(2) of the Higher Edu-
20 cation Act of 1965 (20 U.S.C. 1115(d)(2)) is
21 amended by striking “1201(a)” and inserting
22 “101(a)”.

23 (E) INTERNATIONAL EDUCATION PRO-
24 GRAMS.—Section 631(a)(8) of the Higher Edu-
25 cation Act of 1965 (20 U.S.C. 1132(a)(8)) is

1 amended by striking “1201(a)” each place it
2 appears and inserting “101(a)”.

3 (F) DWIGHT D. EISENHOWER LEADERSHIP
4 PROGRAM.—Section 1081(d) of the Higher
5 Education Act of 1965 (20 U.S.C. 1135f(d)) is
6 amended by striking “1201” and inserting
7 “101”.

8 (G) DISCLOSURE REQUIREMENTS.—Sec-
9 tion 429(d)(2)(B)(ii) of the General Education
10 Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii))
11 is amended by striking “1201(a)” and inserting
12 “101(a)”.

13 (H) HARRY S. TRUMAN SCHOLARSHIPS.—
14 Section 3(4) of the Harry S. Truman Memorial
15 Scholarship Act (20 U.S.C. 2002(4)) is amend-
16 ed by striking “1201(a)” and inserting
17 “101(a)”.

18 (I) TECH-PREP EDUCATION.—Section
19 347(2)(A) of the Carl D. Perkins Vocational
20 and Applied Technology Education Act (20
21 U.S.C. 2394e(2)(A)) is amended by striking
22 “1201(a)” and inserting “101(a)”.

23 (J) EDUCATION FOR ECONOMIC SECUR-
24 ITY.—Section 3(6) of the Education for Eco-
25 nomic Security Act (20 U.S.C. 3902(6)) is

1 amended by striking “1201(a)” and inserting
2 “101(a)”.

3 (K) JAMES MADISON MEMORIAL FELLOW-
4 SHIPS.—Section 815 of the James Madison Me-
5 morial Fellowship Act (20 U.S.C. 4514) is
6 amended—

7 (i) in paragraph (3), by striking
8 “1201(a)” and inserting “101(a)”; and

9 (ii) in paragraph (4), by striking
10 “1201(d) of the Higher Education Act of
11 1965” and inserting “14101 of the Ele-
12 mentary and Secondary Education Act of
13 1965”.

14 (L) BARRY GOLDWATER SCHOLARSHIPS.—
15 Section 1403(4) of the Barry Goldwater Schol-
16 arship and Excellence in Education Act (20
17 U.S.C. 4702(4)) is amended—

18 (i) by striking “1201(a)” and insert-
19 ing “101(a)”; and

20 (ii) by striking “(20 U.S.C.
21 1141(a))”.

22 (M) MORRIS K. UDALL SCHOLARSHIPS.—
23 Section 4(6) of the Morris K. Udall Scholarship
24 and Excellence in National Environmental and
25 Native American Public Policy Act of 1992 (20

1 U.S.C. 5602(6)) is amended by striking
2 “1201(a)” and inserting “101(a)”.

3 (N) BILINGUAL EDUCATION, AND LAN-
4 GUAGE ENHANCEMENT AND ACQUISITION.—
5 Section 7501(4) of the Elementary and Second-
6 ary Education Act of 1965 (20 U.S.C. 7601(4))
7 is amended by striking “1201(a)” and inserting
8 “101(a)”.

9 (O) GENERAL DEFINITIONS.—Section
10 14101(17) of the Elementary and Secondary
11 Education Act of 1965 (20 U.S.C. 8801(17)) is
12 amended by striking “1201(a)” and inserting
13 “101(a)”.

14 (P) NATIONAL EDUCATION STATISTICS.—
15 Section 402(c)(3) of the National Education
16 Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is
17 amended by striking “1201(a)” and inserting
18 “101(a)”.

19 (6) FOREIGN RELATIONS.—

20 (A) ENVIRONMENT AND SUSTAINABLE DE-
21 VELOPMENT EXCHANGE PROGRAM.—Section
22 240(d) of the Foreign Relations Authorization
23 Act, Fiscal Years 1994 and 1995 (22 U.S.C.
24 2452 note) is amended by striking “1201(a)”
25 and inserting “101(a)”.

1 (B) SAMANTHA SMITH MEMORIAL EX-
2 CHANGE PROGRAM.—Section 112(a)(8) of the
3 Mutual Educational and Cultural Exchange Act
4 of 1961 (22 U.S.C. 2460(a)(8)) is amended—

5 (i) by striking “1201(a)” and insert-
6 ing “101(a)”; and

7 (ii) by striking “(20 U.S.C.
8 1141(a))”.

9 (C) SOVIET-EASTERN EUROPEAN TRAIN-
10 ING.—Section 803(1) of the Soviet-Eastern Eu-
11 ropean Research and Training Act of 1983 (22
12 U.S.C. 4502(1)) is amended by striking
13 “1201(a)” and inserting “101(a)”.

14 (D) DEVELOPING COUNTRY SCHOLAR-
15 SHIPS.—Section 603(d) of the Foreign Rela-
16 tions Authorization Act, Fiscal Years 1986 and
17 1987 (22 U.S.C. 4703(d)) is amended by strik-
18 ing “1201(a)” and inserting “101(a)”.

19 (7) INDIANS.—

20 (A) SNYDER ACT.—The last paragraph of
21 section 410 of the Act entitled “An Act author-
22 izing appropriations and expenditures for the
23 administration of Indian Affairs, and for other
24 purposes”, approved November 2, 1921 (25
25 U.S.C. 13) (commonly known as the Snyder

1 Act) is amended by striking “1201” and insert-
2 ing “101”.

3 (B) TRIBALLY CONTROLLED COMMUNITY
4 COLLEGE ASSISTANCE.—Section 2(a)(5) of the
5 Tribally Controlled Community College Assist-
6 ance Act (25 U.S.C. 1801(a)(5)) is amended by
7 striking “1201(a)” and inserting “101(a)”.

8 (C) CONSTRUCTION OF NEW FACILITIES.—
9 Section 113(b)(2) of the Tribally Controlled
10 Community College Assistance Act (25 U.S.C.
11 1813(b)(2)) is amended—

12 (i) by striking “1201(a)” and insert-
13 ing “101(a)”; and

14 (ii) by striking “(20 U.S.C.
15 1141(a))”.

16 (D) AMERICAN INDIAN TEACHER TRAIN-
17 ING.—Section 1371(a)(1)(B) of the Higher
18 Education Amendments of 1992 (25 U.S.C.
19 3371(a)(1)(B)) is amended by striking
20 “1201(a)” and inserting “101(a)”.

21 (8) LABOR.—

22 (A) REHABILITATION DEFINITIONS.—Sec-
23 tion 7(32) of the Rehabilitation Act of 1973
24 (29 U.S.C. 706(32)) is amended—

1 (i) by striking “1201(a)” and insert-
2 ing “101(a)”; and

3 (ii) by striking “(20 U.S.C.
4 1141(a))”.

5 (B) STATE PLANS.—Section
6 101(a)(7)(A)(iv)(II) of the Rehabilitation Act of
7 1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) is
8 amended—

9 (i) by striking “1201(a)” and insert-
10 ing “101(a)”; and

11 (ii) by striking “(20 U.S.C.
12 1141(a))”.

13 (C) JTPA DEFINITIONS.—Section 4(12) of
14 the Job Training Partnership Act (29 U.S.C.
15 1503(12)) is amended by striking “1201(a)”
16 and inserting “101(a)”.

17 (D) TUITION CHARGES.—Section
18 141(d)(3)(B) of the Job Training Partnership
19 Act (29 U.S.C. 1551(d)(3)(B)) is amended—

20 (i) by striking “1201(a)” and insert-
21 ing “101(a)”; and

22 (ii) by striking “(20 U.S.C.
23 1141(a))”.

24 (9) SURFACE MINING CONTROL.—Section
25 701(32) of the Surface Mining Control and Rec-

1 lamation Act of 1977 (30 U.S.C. 1291(32)) is
2 amended by striking “1201(a)” and inserting
3 “101(a)”.

4 (10) POLLUTION PREVENTION.—Section
5 112(a)(1) of the Federal Water Pollution Control
6 Act (33 U.S.C. 1262(a)(1)) is amended by striking
7 “1201” and inserting “101”.

8 (11) POSTAL SERVICE.—Section 3626(b)(3) of
9 title 39, United States Code, is amended—

10 (A) by striking “1201(a)” and inserting
11 “101(a)”; and

12 (B) by striking “(20 U.S.C. 1141(a))”.

13 (12) BLOCK GRANTS TO STATES.—Section
14 404(h)(5)(A)(i) of the Social Security Act (42
15 U.S.C. 604(h)(5)(A)(i)) is amended—

16 (A) by striking “1201(a)” and inserting
17 “101(a)”; and

18 (B) by striking “(20 U.S.C. 1088(a)(1) or
19 1141(a))”.

20 (13) PUBLIC HEALTH AND WELFARE.—

21 (A) SCIENTIFIC AND TECHNICAL EDU-
22 CATION.—Section 3(g) of the Scientific and Ad-
23 vanced-Technology Act of 1992 (42 U.S.C.
24 1862i(g)) is amended—

25 (i) in paragraph (2)—

1 (I) by striking “1201(a)” and in-
2 serting “101(a)”; and

3 (II) by striking “(20 U.S.C.
4 1141(a))”; and

5 (ii) in paragraph (3)—

6 (I) by striking “1201(a)” and in-
7 serting “101(a)”; and

8 (II) by striking “(20 U.S.C.
9 1141(a))”.

10 (B) OLDER AMERICANS.—Section 102(32)
11 of the Older Americans Act of 1965 (42 U.S.C.
12 3002(32)) is amended—

13 (i) by striking “1201(a)” and insert-
14 ing “101(a)”; and

15 (ii) by striking “(20 U.S.C.
16 1141(a))”.

17 (C) JUSTICE SYSTEM IMPROVEMENT.—
18 Section 901(17) of the Omnibus Crime Control
19 and Safe Streets Act of 1968 (42 U.S.C.
20 3791(17)) is amended—

21 (i) by striking “1201(a)” and insert-
22 ing “101(a)”; and

23 (ii) by striking “(20 U.S.C.
24 1141(a))”.

1 (D) ENERGY TECHNOLOGY COMMER-
2 CIALIZATION SERVICES PROGRAM.—Section
3 362(f)(5)(A) of the Energy Policy and Con-
4 servation Act (42 U.S.C. 6322(f)(5)(A)) is
5 amended—

6 (i) by striking “1201(a)” and insert-
7 ing “101(a)”; and

8 (ii) by striking “(20 U.S.C.
9 1141(a))”.

10 (E) ENVIRONMENTAL RESTORATION AND
11 WASTE MANAGEMENT.—Section 3132(b)(1) of
12 the National Defense Authorization Act for Fis-
13 cal Years 1992 and 1993 (42 U.S.C.
14 7274e(b)(1)) is amended—

15 (i) by striking “1201(a)” and insert-
16 ing “101(a)”; and

17 (ii) by striking “(20 U.S.C.
18 1141(a))”.

19 (F) HEAD START.—Section 649(c)(3) of
20 the Head Start Act (42 U.S.C. 9844(c)(3)) is
21 amended—

22 (i) by striking “1201(a)” and insert-
23 ing “101(a)”; and

24 (ii) by striking “(20 U.S.C.
25 1141(a))”.

1 (G) STATE DEPENDENT CARE DEVELOP-
2 MENT GRANTS.—Section 670G(5) of the Child
3 Care and Development Block Grant Act of
4 1990 (42 U.S.C. 9877(5)) is amended by strik-
5 ing “1201(a)” and inserting “101(a)”.

6 (H) INSTRUCTIONAL ACTIVITIES FOR LOW-
7 INCOME YOUTH.—The matter preceding sub-
8 paragraph (A) of section 682(b)(1) of the Com-
9 munity Services Block Grant Act (42 U.S.C.
10 9910c(b)(1)) is amended by striking “1201(a)”
11 and inserting “101(a)”.

12 (I) DRUG ABUSE EDUCATION.—Section
13 3601(7) of the Anti-Drug Abuse Act of 1988
14 (42 U.S.C. 11851(7)) is amended—

15 (i) by striking “1201(a)” and insert-
16 ing “101(a)”; and

17 (ii) by striking “(20 U.S.C.
18 1141(a))”.

19 (J) NATIONAL AND COMMUNITY SERV-
20 ICE.—Section 101(13) of the National and
21 Community Service Act of 1990 (42 U.S.C.
22 12511(13)) is amended—

23 (i) by striking “1201(a)” and insert-
24 ing “101(a)”; and

1 (ii) by striking “(20 U.S.C.
2 1141(a))”.

3 (K) CIVILIAN COMMUNITY CORPS.—Section
4 166(6) of the National and Community Service
5 Act of 1990 (42 U.S.C. 12626(6)) is amend-
6 ed—

7 (i) by striking “1201(a)” and insert-
8 ing “101(a)”; and

9 (ii) by striking “(20 U.S.C.
10 1141(a))”.

11 (L) COMMUNITY SCHOOLS YOUTH SERV-
12 ICES AND SUPERVISION GRANT PROGRAM.—The
13 definition of public school in section 30401(b)
14 of the Community Schools Youth Services and
15 Supervision Grant Program Act of 1994 (42
16 U.S.C. 13791(b)) is amended—

17 (i) by striking “1201” each place it
18 appears and inserting “101”; and

19 (ii) by striking “(20 U.S.C. 1141(i))”.

20 (M) POLICE CORPS.—The definition of in-
21 stitution of higher education in section 200103
22 of the Police Corps Act (42 U.S.C. 14092) is
23 amended—

24 (i) by striking “1201(a)” and insert-
25 ing “101(a)”; and

1 (ii) by striking “(20 U.S.C.
2 1141(a))”.

3 (N) LAW ENFORCEMENT SCHOLARSHIP
4 PROGRAM.—The definition of institution of
5 higher education in section 200202 of the Law
6 Enforcement Scholarship and Recruitment Act
7 (42 U.S.C. 14111) is amended—

8 (i) by striking “1201(a)” and insert-
9 ing “101(a)”; and

10 (ii) by striking “(20 U.S.C.
11 1141(a))”.

12 (14) TELECOMMUNICATIONS.—Section
13 223(h)(4) of the Telecommunications Act of 1934
14 (47 U.S.C. 223(h)(4)) is amended—

15 (A) by striking “1201” and inserting
16 “101”; and

17 (B) by striking “(20 U.S.C. 1141)”.

18 (15) WAR AND NATIONAL DEFENSE.—Section
19 808(3) of the David L. Boren National Security
20 Education Act of 1991 (50 U.S.C. 1908(3)) is
21 amended—

22 (A) by striking “1201(a)” and inserting
23 “101(a)”; and

24 (B) by striking “(20 U.S.C. 1141(a))”.

1 (b) CROSS REFERENCES.—The Act (20 U.S.C. 1001
2 et seq.) is amended—

3 (1) in section 402A(c)(2) (20 U.S.C. 1070a–
4 11(c)(2)), by striking “1210” and inserting “110”;

5 (2) in section 481 (20 U.S.C. 1088)—

6 (A) in subsection (a)—

7 (i) in paragraph (1)—

8 (I) in the matter preceding sub-
9 paragraph (A), by striking “1201(a)”
10 and inserting “101(a)”; and

11 (II) in subparagraph (C), by
12 striking “1201(a)” and inserting
13 “101(a)”; and

14 (ii) in paragraph (2)—

15 (I) in the matter preceding clause
16 (i) of subparagraph (A), by striking
17 “1201(a)” and inserting “101(a)”;
18 and

19 (II) in the matter following
20 clause (ii) of subparagraph (B), by
21 striking “1201(a)” and inserting
22 “101(a)”;

23 (B) in subsection (b), by striking
24 “1201(a)” each place the term appears and in-
25 serting “101(a)”; and

1 (C) in subsection (c), by striking
2 “1201(a)” each place the term appears and in-
3 serting “101(a)”;

4 (3) in section 485(f)(1)(I) (20 U.S.C.
5 1092(f)(1)(I)), by striking “1213” and inserting
6 “111”;

7 (4) in section 498(j)(2) (20 U.S.C.
8 1099c(j)(2)), by striking “1201(a)(2)” and inserting
9 “101(a)(2)”;

10 (5) in section 591(d)(2) (20 U.S.C.
11 1115(d)(2)), by striking “1201(a)” and inserting
12 “101(a)”;

13 (6) in section 631(a)(8) (20 U.S.C.
14 1132(a)(8))—

15 (A) by striking “section 1201(a)” each
16 place the term appears and inserting “section
17 101(a)”;

18 (B) by striking “of 1201(a)” and inserting
19 “of section 101(a)”;

20 (7) in section 1081(d) (20 U.S.C. 1135f(d)), by
21 striking “1201” and inserting “101(a)”.

1 **TITLE II—IMPROVING TEACHER**
 2 **QUALITY**

3 **SEC. 201. IMPROVING TEACHER QUALITY.**

4 The Act (20 U.S.C. 1001) is amended by inserting
 5 after section 112 (as added by section 104) the following:

6 **“TITLE II—IMPROVING TEACHER**
 7 **QUALITY**

8 **“SEC. 201. PURPOSES.**

9 “The purpose of this title is to—

10 “(1) improve student achievement;

11 “(2) improve the quality of the current and fu-
 12 ture teaching force by improving the preparation of
 13 prospective teachers and enhancing professional de-
 14 velopment activities; and

15 “(3) hold institutions of higher education ac-
 16 countable for preparing teachers who have the nec-
 17 essary teaching skills and are highly competent in
 18 the academic content areas in which the teachers
 19 plan to teach, including training in the effective uses
 20 of technologies in the classroom.

21 **“PART A—TEACHER QUALITY**

22 **“Subpart 1—Teacher Quality Enhancement Grants**

23 **“SEC. 211. GRANTS AUTHORIZED.**

24 “(a) IN GENERAL.—The Secretary is authorized to
 25 award grants to States to enable the States to carry out

1 the activities described in section 212. Each grant may
2 be awarded for a period of not more than 5 years.

3 “(b) STATE DESIGNATION.—

4 “(1) IN GENERAL.—A State desiring a grant
5 under this subpart shall, consistent with State law,
6 designate the chief individual or entity in the State
7 responsible for the State supervision of education, to
8 administer the activities assisted under this subpart.

9 “(2) CONSULTATION.—The individual or entity
10 designated under paragraph (1) shall consult with
11 the Governor, State board of education, or State
12 educational agency, as appropriate.

13 “(3) CONSTRUCTION.—Nothing in this subpart
14 shall be construed to negate or supersede the legal
15 authority under State law of any State agency, State
16 entity, or State public official over programs that
17 are under the jurisdiction of the agency, entity, or
18 official.

19 “(c) MATCHING REQUIREMENT.—Each State receiv-
20 ing a grant under this subpart shall provide, from non-
21 Federal sources, an amount equal to $\frac{1}{2}$ of the amount
22 of the grant, in cash or in kind, to carry out the activities
23 supported through the grant.

1 **“SEC. 212. USE OF FUNDS.**

2 “A State that receives a grant under this subpart
3 shall use the grant funds to reform teacher preparation
4 requirements, and to ensure that current and future
5 teachers possess the necessary teaching skills and aca-
6 demic content knowledge in the subject areas in which the
7 teachers are assigned to teach, by carrying out 1 or more
8 of the following activities:

9 “(1) REFORMS.—Implementing reforms that
10 hold institutions of higher education with teacher
11 preparation programs accountable for preparing
12 teachers who are highly competent in the academic
13 content areas in which the teachers plan to teach,
14 which may include the use of rigorous subject matter
15 competency tests and the requirement that a teacher
16 have an academic major in the subject area, or relat-
17 ed discipline, in which the teacher plans to teach.

18 “(2) CERTIFICATION OR LICENSURE REQUIRE-
19 MENTS.—Reforming teacher certification or licen-
20 sure requirements to ensure that new teachers have
21 the necessary teaching skills and academic content
22 knowledge in the subject areas in which teachers are
23 assigned to teach.

24 “(3) ALTERNATIVES TO TRADITIONAL PREPA-
25 RATION FOR TEACHING.—Providing prospective
26 teachers alternatives to traditional preparation for

1 teaching through programs at colleges of arts and
2 sciences or at nonprofit organizations.

3 “(4) ALTERNATIVE ROUTES.—Funding pro-
4 grams that establish, expand, or improve alternative
5 routes to State certification for highly qualified indi-
6 viduals from other occupations and recent college
7 graduates with records of academic distinction, in-
8 cluding support during the initial teaching experi-
9 ence.

10 “(5) RECRUITMENT; PAY; REMOVAL.—Develop-
11 ing and implementing effective mechanisms to en-
12 sure that schools are able to effectively recruit highly
13 qualified teachers, to financially reward those teach-
14 ers and principals whose students have made signifi-
15 cant progress toward high academic performance,
16 such as through performance-based compensation
17 systems and access to ongoing professional develop-
18 ment opportunities for teachers and administrators,
19 and to remove teachers who are not qualified.

20 “(6) INNOVATIVE EFFORTS.—Development and
21 implementation of innovative efforts aimed at reduc-
22 ing the shortage of highly qualified teachers in high
23 poverty urban and rural areas, that may include the
24 recruitment of highly qualified individuals from

1 other occupations through alternative certification
2 programs.

3 “(7) SOCIAL PROMOTION.—Development and
4 implementation of efforts to address the problem of
5 social promotion and to prepare teachers to effec-
6 tively address the issues raised by ending the prac-
7 tice of social promotion.

8 **“SEC. 213. COMPETITIVE AWARDS.**

9 “(a) ANNUAL AWARDS; COMPETITIVE BASIS.—The
10 Secretary shall award grants under this subpart annually
11 and on a competitive basis.

12 “(b) PEER REVIEW PANEL.—The Secretary shall
13 provide the applications submitted by States under section
14 214 to a peer review panel for evaluation. With respect
15 to each application, the peer review panel shall initially
16 recommend the application for funding or for disapproval.

17 “(c) PRIORITY.—In recommending applications for
18 funding to the Secretary, the panel shall give priority to
19 applications from States that describe activities that—

20 “(1) include innovative reforms to hold institu-
21 tions of higher education with teacher preparation
22 programs accountable for preparing teachers who
23 are highly competent in the academic content areas
24 in which the teachers plan to teach; and

1 “(2) involve the development of innovative ef-
 2 forts aimed at reducing the shortage of highly quali-
 3 fied teachers in high poverty urban and rural areas.

4 **“SEC. 214. APPLICATIONS.**

5 “(a) IN GENERAL.—Each State desiring a grant
 6 under this subpart shall submit an application to the Sec-
 7 retary at such time, in such manner and accompanied by
 8 such information as the Secretary may require.

9 “(b) CONTENT OF APPLICATIONS.—Such application
 10 shall include a description of how the State intends to use
 11 funds provided under this subpart.

12 **“Subpart 2—Teacher Training Partnerships Grants**

13 **“SEC. 221. GRANTS AUTHORIZED.**

14 “(a) IN GENERAL.—The Secretary is authorized to
 15 award grants to teacher training partnerships to enable
 16 the partnerships to carry out the activities described in
 17 section 222. Each grant may be awarded for a period of
 18 not more than 5 years.

19 “(b) TEACHER TRAINING PARTNERSHIPS.—For the
 20 purpose of this part the term ‘teacher training partner-
 21 ship’ means a partnership that—

22 “(1) shall include a school of arts and sciences,
 23 a school or program of education, a local educational
 24 agency, and a kindergarten through grade 12 school;
 25 and

1 “(2) may include a State educational agency, a
2 pre-kindergarten program, a nonprofit group, a busi-
3 ness, or a teacher organization.

4 “(c) PRIORITY.—

5 “(1) IN GENERAL.—In awarding grants under
6 this subpart the Secretary shall give priority to part-
7 nerships that—

8 “(A) involve businesses; or

9 “(B) include a high need local educational
10 agency, elementary school or secondary school.

11 “(2) HIGH NEED.—A local educational agency,
12 elementary school or secondary school shall be con-
13 sidered high need for purposes of paragraph (1)(B)
14 if the agency or school serves an area within a State
15 in which there is—

16 “(A) a large number of individuals from
17 families with incomes below the poverty line;

18 “(B) a high percentage of teachers not
19 teaching in the content area in which the teach-
20 ers were trained to teach; or

21 “(C) a high teacher turnover.

22 “(d) CONSIDERATION.—In awarding grants under
23 this subpart the Secretary will take into consideration—

24 “(1) providing an equitable geographic distribu-
25 tion of the grants throughout the United States; and

1 “(2) the proposed project’s potential for creat-
2 ing improvement and positive change.

3 “(e) MATCHING FUNDS.—Each partnership receiving
4 a grant under this subpart shall provide, from sources
5 other than this subpart, an amount equal to 25 percent
6 of the grant in the first year, 35 percent in the second
7 such year, and 50 percent in each succeeding such year,
8 of the amount of the grant, in cash or in kind, to carry
9 out the activities supported by the grant.

10 “(f) ONE-TIME AWARD.—A partnership may receive
11 a grant under this section only once.

12 **“SEC. 222. USE OF FUNDS.**

13 “(a) IN GENERAL.—Grant funds under this part
14 shall be used to—

15 “(1) coordinate with the activities of the Gov-
16 ernor, State board of education, and State edu-
17 cational agency, as appropriate;

18 “(2) provide sustained and high quality
19 preservice clinical experiences including the mentor-
20 ing of prospective teachers by veteran teachers;

21 “(3) work with a school of arts and sciences to
22 provide increased academic study in a proposed
23 teaching specialty area, through activities such as—

24 “(A) restructuring curriculum;

25 “(B) changing core course requirements;

1 “(C) increasing liberal arts focus;

2 “(D) providing preparation for board cer-
3 tification; and

4 “(E) assessing and improving alternative
5 certification, including mentoring and induction
6 support;

7 “(4) substantially increasing interaction and 2-
8 way collaboration between—

9 “(A) faculty at institutions of higher edu-
10 cation; and

11 “(B) new and experienced teachers, prin-
12 cipals, and other administrators at elementary
13 schools or secondary schools;

14 “(5) prepare teachers to use technology effec-
15 tively in the classroom;

16 “(6) integrate reliable research-based teaching
17 methods into the curriculum;

18 “(7) broadly disseminate information on effec-
19 tive practices used by the partnership; and

20 “(8) provide support, including preparation
21 time, for interaction between faculty at an institu-
22 tion of higher education and classroom teachers.

23 “(b) SPECIAL RULE.—No individual member of a
24 partnership shall retain more than 50 percent of the funds
25 made available to the partnership under this subpart.

1 **“SEC. 223. APPLICATIONS.**

2 “Each teacher training partnership desiring a grant
3 under this subpart shall submit an application to the Sec-
4 retary at such time, in such manner, and accompanied by
5 such information as the Secretary may require. Each such
6 application shall—

7 “(1) describe the composition of the partnership
8 and the involvement of each partner in the develop-
9 ment of the application;

10 “(2) contain a needs assessment that includes
11 an analysis of the needs of all the partners with re-
12 spect to teaching and learning;

13 “(3) contain a resource assessment that in-
14 cludes—

15 “(A) an analysis of resources available to
16 the partnership;

17 “(B) a description of the intended use of
18 the grant funds;

19 “(C) a description of how the partnership
20 will coordinate with other teacher training or
21 professional development programs, including
22 Federal, State, local, private, and other pro-
23 grams;

24 “(D) a description of how the activities as-
25 sisted under this subpart are consistent with

1 educational reform activities that promote stu-
2 dent achievement; and

3 “(E) a description of the commitment of
4 the resources of the partnership to the activities
5 assisted under this subpart, including financial
6 support, faculty participation, and time commit-
7 ments;

8 “(4) describe how the partnership will include
9 the participation of the schools, colleges, or depart-
10 ments of arts and sciences within an institution of
11 higher education to ensure the integration of teach-
12 ing techniques and content in teaching preparation;

13 “(5) describe how the partnership will restruc-
14 ture and improve teaching, teacher training, and de-
15 velopment programs, and how such systemic changes
16 will contribute to increased student achievement;

17 “(6) describe how the partnership will prepare
18 teachers to work with diverse student populations,
19 including individuals with disabilities and limited
20 English proficient individuals;

21 “(7) describe how the partnership will prepare
22 teachers to use technology;

23 “(8) contain a dissemination plan regarding
24 knowledge and information with respect to effective
25 teaching practices, and a description of how such

1 knowledge and information will be implemented in
 2 elementary schools or secondary schools as well as
 3 institutions of higher education;

4 “(9) describe the commitment of the partner-
 5 ship to continue the activities assisted under this
 6 subpart without grant funds provided under this
 7 subpart; and

8 “(10) describe how the partnership will involve
 9 and include parents in the reform process.

10 **“Subpart 3—General Provisions**

11 **“SEC. 231. ACCOUNTABILITY AND EVALUATION.**

12 “(a) TEACHER QUALITY ENHANCEMENT GRANTS.—

13 “(1) ACCOUNTABILITY REPORT.—A State that
 14 receives a grant under subpart 1 shall submit an an-
 15 nual accountability report to the Secretary, the Com-
 16 mittee on Labor and Human Resources of the Sen-
 17 ate, and the Committee on Education and the Work-
 18 force of the House of Representatives. Such report
 19 shall include a description of the degree to which the
 20 State, in using funds provided under subpart 1, has
 21 made substantial progress in meeting the following
 22 goals:

23 “(A) STUDENT ACHIEVEMENT.—Increas-
 24 ing student achievement for all students, as
 25 measured by increased graduation rates, de-

1 creased dropout rates, or higher scores on local,
2 State or other assessments.

3 “(B) RAISING STANDARDS.—Raising the
4 State academic standards required to enter the
5 teaching profession, including, where appro-
6 priate, incentives to incorporate the requirement
7 of an academic major in the subject, or related
8 discipline, in which the teacher plans to teach.

9 “(C) INITIAL CERTIFICATION OR LICEN-
10 SURE.—Increasing success in the passage rate
11 for initial State teacher certification or licen-
12 sure, or increasing numbers of highly qualified
13 individuals being certified or licensed as teach-
14 ers through alternative programs.

15 “(D) CORE ACADEMIC SUBJECTS.—In-
16 creasing the percentage of classes taught in
17 core academic subject areas by teachers highly
18 competent in those subject areas.

19 “(E) DECREASING SHORTAGES FOR PRO-
20 FESSIONAL DEVELOPMENT.—Decreasing short-
21 ages of qualified teachers in poor urban and
22 rural areas.

23 “(F) INCREASING OPPORTUNITIES.—In-
24 creasing opportunities for enhanced and ongo-
25 ing professional development that improves the

1 academic content knowledge of teachers in the
2 subject areas in which the teachers are certified
3 to teach or in which the teachers are working
4 toward certification to teach.

5 “(G) TECHNOLOGY INTEGRATION.—In-
6 creasing the number of teachers prepared to in-
7 tegrate technology in the classroom.

8 “(2) TEACHER QUALIFICATIONS PROVIDED TO
9 PARENT UPON REQUEST.—Any local educational
10 agency that benefits from the activities assisted
11 under subpart 1 shall make available, upon request
12 and in an understandable and uniform format, to
13 any parent of a student attending any school served
14 by the local educational agency, information regard-
15 ing the qualifications of the student’s classroom
16 teacher with regard to the subject matter in which
17 the teacher provides instruction. The local edu-
18 cational agency shall inform parents that the par-
19 ents are entitled to receive the information upon re-
20 quest.

21 “(b) TEACHER TRAINING PARTNERSHIP EVALUA-
22 TION PLAN.—Each teacher training partnership receiving
23 a grant under subpart 2 shall establish an evaluation plan
24 that includes strong performance objectives established in
25 negotiation with the Secretary at the time of the grant

1 award. The plan shall include objectives and measures
2 for—

3 “(1) increased student achievement for all stu-
4 dents as measured by increased graduation rates,
5 decreased dropout rates, or higher scores on local,
6 State, or other assessments for a year compared to
7 student achievement as determined by the rates or
8 scores, as the case may be, for the year prior to the
9 year for which a grant under this part is received;

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

12 “(3) increased success in the passage rate for
13 initial State certification or licensure of teachers;

14 “(4) increased number of academic courses
15 taken in core subject areas;

16 “(5) increased integration of technology in
17 teacher preparation and in classroom instruction;

18 “(6) restructuring or change of methodology
19 courses to reflect best practices learned from ele-
20 mentary schools, secondary schools or other entities;

21 “(7) increased dissemination of information
22 about effective teaching strategies and practices; and

23 “(8) other effects of increased integration
24 among members of the partnership.

1 **“SEC. 232. REVOCATION OF GRANT.**

2 “Each State or teacher training partnership receiving
3 a grant under this part shall report annually on progress
4 toward meeting the purposes of this part, and the goals,
5 objectives and measures described in section 231. If the
6 Secretary, after consultation with the peer review panel
7 described in section 213(b) determines that the State or
8 partnership is not making substantial progress in meeting
9 the purposes, goals, objectives and measures, as appro-
10 priate, by the end of the second year of the grant, the
11 grant shall not be continued for the third year of the
12 grant.

13 **“SEC. 233. EVALUATION AND DISSEMINATION.**

14 “The Secretary shall evaluate the activities funded
15 under this part and report the Secretary’s findings to the
16 Committee on Labor and Human Resources of the Senate
17 and the Committee on Education and the Workforce of
18 the House of Representatives. The Secretary shall broadly
19 disseminate successful practices developed by the States
20 and teacher training partnerships under this part, and
21 shall broadly disseminate information regarding such
22 practices so developed that were found to be ineffective.

23 **“SEC. 234. INTERNATIONAL STUDY AND REPORT.**

24 “(a) STUDY.—The Secretary shall conduct a study
25 through the National Center for Education Statistics re-
26 garding the ways teachers are trained and the extent to

1 which teachers in the United States and other comparable
 2 countries are teaching in areas other than the teachers'
 3 field of study or expertise. The study will examine specific
 4 fields and will outline the nature and extent of the problem
 5 of out-of-field teaching in the United States and in other
 6 countries that are considered comparable to the United
 7 States. The study shall include, at a minimum, all the
 8 countries that participated in the Third International
 9 Mathematics and Science Study (TIMSS).

10 “(b) REPORT.—The Secretary shall report to Con-
 11 gress regarding the results of the study described in sub-
 12 section (a).

13 **“SEC. 235. AUTHORIZATION OF APPROPRIATIONS.**

14 “There are authorized to be appropriated to carry out
 15 this part \$300,000,000 for fiscal year 1999 and such sums
 16 as necessary for each of the 4 succeeding fiscal years, of
 17 which—

18 “(1) 50 percent shall be available for each fiscal
 19 year to carry out subpart 1; and

20 “(2) 50 percent shall be available for each fiscal
 21 year to carry out subpart 2.

22 **“PART B—RECRUITING NEW TEACHERS FOR**
 23 **UNDERSERVED AREAS**

24 **“SEC. 251. STATEMENT OF PURPOSE.**

25 “It is the purpose of this part to—

1 “(1) provide scholarships and, as necessary,
2 support services for students with high potential to
3 become effective teachers, particularly minority stu-
4 dents;

5 “(2) increase the quality and number of new
6 teachers nationally; and

7 “(3) increase the ability of schools in under-
8 served areas to recruit a qualified teaching staff.

9 **“SEC. 252. DEFINITIONS.**

10 “In this part—

11 “(1) ELIGIBLE PARTNERSHIP.—

12 “(A) IN GENERAL.—The term ‘eligible
13 partnership’ means a partnership consisting
14 of—

15 “(i) an institution of higher education
16 that awards baccalaureate degrees and pre-
17 pares teachers for their initial entry into
18 the teaching profession; and

19 “(ii) one or more local educational
20 agencies that serve underserved areas.

21 “(B) ADDITIONAL PARTNERS.—Such a
22 partnership may also include—

23 “(i) 2-year institutions of higher edu-
24 cation that operate teacher preparation
25 programs and maintain articulation agree-

1 ments, with the institutions of higher edu-
2 cation that award baccalaureate degrees
3 for the transfer of credits in teacher prepa-
4 ration;

5 “(ii) State agencies that have respon-
6 sibility for policies related to teacher prep-
7 aration and teacher certification or licen-
8 sure; and

9 “(iii) other public and private, non-
10 profit agencies and organizations that
11 serve, or are located in, communities
12 served by the local educational agencies in
13 the partnership, and that have an interest
14 in teacher recruitment, preparation, and
15 induction.

16 “(2) SUPPORT SERVICES.—The term ‘support
17 services’ means—

18 “(A) academic advice and counseling;

19 “(B) tutorial services;

20 “(C) mentoring; and

21 “(D) child care and transportation, if
22 funding for those services cannot be arranged
23 from other sources.

24 “(3) UNDERSERVED AREA.—The term ‘under-
25 served area’ means—

1 “(A) the area served by the 3 local edu-
2 cational agencies in the State that have the
3 highest numbers of children, ages 5 through 17,
4 from families below the poverty level (based on
5 data satisfactory to the Secretary); and

6 “(B) the area served by any other local
7 educational agency in which the percentage of
8 such children is at least 20 percent, or the
9 number of such children is at least 10,000.

10 **“SEC. 253. GRANT AUTHORITY AND CONDITIONS.**

11 “(a) GRANTS AUTHORIZED.—

12 “(1) GRANTS.—

13 “(A) IN GENERAL.—From amounts appro-
14 priated under section 262 the Secretary shall
15 award grants, on a competitive basis, to eligible
16 partnerships to enable the eligible partnerships
17 to pay the Federal share of the cost of carrying
18 out the activities described in section 255.

19 “(B) DURATION.—Each grant awarded
20 under subparagraph (A) shall be awarded for a
21 period not to exceed 5 years.

22 “(2) CONTINUING ELIGIBILITY; REVIEW OF
23 PROGRESS.—The Secretary shall—

24 “(A) continue to make grant payments for
25 the second and succeeding years of a grant

1 awarded under this part, only after determining
2 that the eligible partnership is making satisfac-
3 tory progress in carrying out the activities
4 under the grant; and

5 “(B) conduct an intensive review of the eli-
6 gible partnerships’s progress under the grant,
7 with the assistance of outside experts, before
8 making grant payments for the fourth year of
9 the grant.

10 “(3) MAXIMUM NUMBER.—No eligible partner-
11 ship may receive more than 2 grants under this sub-
12 section.

13 “(b) MATCHING REQUIREMENT.—

14 “(1) FEDERAL SHARE.—The Federal share of
15 the cost of activities carried out under a grant made
16 under subsection (a) shall not exceed—

17 “(A) 70 percent of the cost in the first
18 year of the grant;

19 “(B) 60 percent in the second year;

20 “(C) 60 percent in the third year;

21 “(D) 50 percent in the fourth year; and

22 “(E) 50 percent in the fifth year and any
23 succeeding year (including each year of the sec-
24 ond grant, if any).

1 “(2) NON-FEDERAL SHARE.—The non-Federal
2 share of activities carried out with a grant under
3 subsection (a) may be provided in cash or in kind,
4 fairly evaluated, and may be obtained from any non-
5 Federal public or private source.

6 “(c) PLANNING GRANTS.—

7 “(1) IN GENERAL.—The Secretary may award
8 planning grants to eligible partnerships that are not
9 ready to implement programs under subsection (a).

10 “(2) DURATION.—Each planning grant shall be
11 for a period of not more than 1 year, which shall be
12 in addition to the period of any grant under sub-
13 section (a).

14 “(3) REQUIREMENT.—Any recipient of a plan-
15 ning grant under this subsection that wishes to re-
16 ceive a grant under subsection (a)(1) shall sepa-
17 rately apply for a grant under that subsection.

18 **“SEC. 254. GRANT APPLICATIONS.**

19 “(a) APPLICATIONS REQUIRED.—Any eligible part-
20 nership desiring to receive a grant under this part shall
21 submit an application to the Secretary at such time, in
22 such form, and containing such information as the Sec-
23 retary may require.

24 “(b) APPLICATION CONTENTS.—Each application for
25 a grant under section 253(a) shall include—

1 “(1) a designation of the institution or agency,
2 within the eligible partnership, that will serve as the
3 fiscal agent for the grant;

4 “(2) information on the quality of the teacher
5 preparation program of the institution of higher edu-
6 cation participating in the eligible partnership and
7 how the eligible partnership will ensure, through im-
8 provements in the eligible partnership’s teacher
9 preparation practices or other appropriate strategies,
10 that scholarship recipients will receive high-quality
11 preparation;

12 “(3) a description of the assessment the mem-
13 bers of the eligible partnership have undertaken—

14 “(A) to determine—

15 “(i) the most critical needs of the
16 local educational agencies, particularly the
17 needs of schools in high-poverty areas, for
18 new teachers (which may include teachers
19 in particular subject areas or at certain
20 grade levels); and

21 “(ii) how the project carried out
22 under the grant will address those needs;
23 and

24 “(B) that reflects the input of all signifi-
25 cant entities in the community (including orga-

1 nizations representing teachers and parents)
2 that have an interest in teacher recruitment,
3 preparation, and induction;

4 “(4) a description of the project the eligible
5 partnership will carry out with the grant, including
6 information regarding—

7 “(A) the recruitment and outreach efforts
8 the eligible partnership will undertake to pub-
9 licize the availability of scholarships and other
10 assistance under the program;

11 “(B)(i) the number and types of students
12 that the eligible partnership will serve under the
13 program, which may include education para-
14 professionals seeking to achieve full teacher cer-
15 tification or licensure; teachers whom the part-
16 ner local educational agencies have hired under
17 emergency certification or licensure procedures;
18 or former military personnel, mid-career profes-
19 sionals, or AmeriCorps or Peace Corps volun-
20 teers, who desire to enter teaching; and

21 “(ii) the criteria that the eligible partner-
22 ship will use in selecting the students, including
23 criteria to determine whether individuals have
24 the capacity to benefit from the program, com-

1 plete teacher certification requirements, and be-
2 come effective teachers;

3 “(C) the activities the eligible partnership
4 will carry out under the grant, including a de-
5 scription of, and justification for, any support
6 services the institution of higher education par-
7 ticipating in the eligible partnership will offer to
8 participating students;

9 “(D) the number and funding range of the
10 scholarships the institution will provide to stu-
11 dents; and

12 “(E) the procedures the institution will es-
13 tablish for entering into, and enforcing, agree-
14 ments with scholarship recipients regarding the
15 recipients’ fulfillment of the service commitment
16 described in section 259;

17 “(5) a description of how the institution will
18 use funds provided under the grant only—

19 “(A) to increase the number of students—

20 “(i) with high potential to be effective
21 teachers;

22 “(ii) participating in the institution’s
23 teacher preparation programs; or

1 “(iii) in the particular type or types of
2 preparation programs that the grant will
3 support; or

4 “(B) to increase the number of graduates,
5 who are minority individuals, with high poten-
6 tial to be effective teachers;

7 “(6) a description of the commitments, by the
8 local educational agencies participating in the part-
9 nership, to hire qualified scholarship recipients in
10 the schools served by the agencies and in the subject
11 areas or grade levels for which the scholarship re-
12 cipients will be trained, and a description of the ac-
13 tions the participating institution of higher edu-
14 cation, the participating local educational agencies,
15 and the other partners will take to facilitate the suc-
16 cessful transition of the recipients into teaching; and

17 “(7) a description of the eligible partnership’s
18 plan for institutionalizing the activities the partner-
19 ship is carrying out under this part, so that the ac-
20 tivities will continue once Federal funding ceases.

21 **“SEC. 255. USES OF FUNDS.**

22 “(a) IN GENERAL.—Each eligible partnership receiv-
23 ing a grant under section 523(a) shall use the grant funds
24 for the following:

1 “(1) SCHOLARSHIPS.—Scholarships to help stu-
2 dents pay the costs of tuition, room, board, and
3 other expenses of completing a teacher preparation
4 program.

5 “(2) SUPPORT SERVICES.—Support services, if
6 needed to enable scholarship recipients to complete
7 postsecondary education programs.

8 “(3) FOLLOWUP SERVICES.—Followup services
9 provided to former scholarship recipients during the
10 recipients’ first 3 years of teaching.

11 “(4) PAYMENTS.—Payments to partner local
12 educational agencies, if needed to enable the agen-
13 cies to permit paraprofessional staff to participate in
14 teacher preparation programs (such as the cost of
15 release time for the staff).

16 “(5) ADDITIONAL COURSES.—If appropriate,
17 and if no other funds are available for, paying the
18 costs of additional courses taken by former scholar-
19 ship recipients during the recipients’ initial 3 years
20 of teaching.

21 “(b) PLANNING GRANTS.—A recipient of a planning
22 grant under section 253(c) shall use the grant funds for
23 the costs of planning for the implementation of a grant
24 under section 253(a).

1 **“SEC. 256. SELECTION OF APPLICANTS.**

2 “(a) PEER REVIEW.—The Secretary, using a peer re-
3 view process, shall select eligible partnerships to receive
4 funding under this part on the basis of—

5 “(1) the quality of the teacher preparation pro-
6 gram offered by the institution participating in the
7 partnership;

8 “(2) the quality of the program carried out
9 under the application; and

10 “(3) the capacity of the partnership to carry
11 out the grant successfully.

12 “(b) CRITERIA.—

13 “(1) IN GENERAL.—In awarding grants under
14 section 253(a), the Secretary shall seek to ensure
15 that—

16 “(A) in the aggregate, eligible partnerships
17 carry out a variety of approaches to preparing
18 new teachers; and

19 “(B) there is an equitable geographic dis-
20 tribution of the grants.

21 “(2) SPECIAL CONSIDERATION.—In addition to
22 complying with paragraph (1), the Secretary shall
23 give special consideration to—

24 “(A) applications most likely to result in
25 the preparation of increased numbers of individ-

1 uals with high potential for effective teaching
2 who are minority individuals; and

3 “(B) applications from partnerships that
4 have as members of the partnerships histori-
5 cally Black colleges and universities, Hispanic-
6 serving institutions, and Tribal Colleges and
7 Universities.

8 “(c) SECOND FIVE-YEAR GRANTS.—In selecting eli-
9 gible partnerships to receive second year grant payments
10 under this part, the Secretary shall give a preference to
11 eligible partnerships whose projects have resulted in—

12 “(1) the placement and retention of a substan-
13 tial number of high-quality graduates in teaching po-
14 sitions in underserved, high-poverty schools;

15 “(2) the adoption of effective programs that
16 meet the teacher preparation needs of high-poverty
17 urban and rural areas; and

18 “(3) effective partnerships with elementary
19 schools and secondary schools that are supporting
20 improvements in student achievement.

21 **“SEC. 257. DURATION AND AMOUNT OF ASSISTANCE; RELA-**
22 **TION TO OTHER ASSISTANCE.**

23 “(a) DURATION OF ASSISTANCE.—No individual may
24 receive scholarship assistance under this part—

1 “(1) for more than 5 years of postsecondary
2 education; and

3 “(2) unless that individual satisfies the require-
4 ments of section 484(a)(5).

5 “(b) AMOUNT OF ASSISTANCE.—No individual may
6 receive a scholarship awarded under this part that exceeds
7 the cost of attendance, as defined in section 472, at the
8 institution of higher education the individual is attending.

9 “(c) RELATION TO OTHER ASSISTANCE.—A scholar-
10 ship awarded under this part—

11 “(1) shall not be reduced on the basis of the in-
12 dividual’s receipt of other forms of Federal student
13 financial assistance; and

14 “(2) shall be regarded as other financial assist-
15 ance available to the student, within the meaning of
16 sections 471(3) and 480(j)(1), in determining the
17 student’s eligibility for grant, loan, or work assist-
18 ance under title IV.

19 **“SEC. 258. SCHOLARSHIP CONDITIONS.**

20 “(a) IN GENERAL.—A recipient of a scholarship
21 under this part shall continue to receive the scholarship
22 assistance only as long as the recipient is—

23 “(1) enrolled as a full-time student and pursu-
24 ing a course of study leading to teacher certification,
25 unless the recipient is working in a public school (as

1 a paraprofessional, or as a teacher under emergency
2 credentials) while participating in the program; and

3 “(2) maintaining satisfactory progress as deter-
4 mined by the institution of higher education partici-
5 pating in the partnership.

6 “(b) SPECIAL RULE.—Each eligible partnership shall
7 modify the application of section 257(a)(1) and of sub-
8 section (a)(1) to the extent necessary to accommodate the
9 rights of individuals with disabilities under section 504 of
10 the Rehabilitation Act of 1973.

11 **“SEC. 259. SERVICE REQUIREMENTS.**

12 “(a) REQUIREMENT.—Each eligible partnership re-
13 ceiving a grant under this part shall enter into an agree-
14 ment, with each student to whom the partnership awards
15 a scholarship under this part, providing that a scholarship
16 recipient who completes a teacher preparation program
17 under this part shall, within 7 years of completing that
18 program, teach full-time for at least 5 years in a high-
19 poverty school in an underserved geographic area or repay
20 the amount of the scholarship, under the terms and condi-
21 tions established by the Secretary.

22 “(b) REGULATIONS.—The Secretary shall prescribe
23 regulations relating to the requirements of subsection (a),
24 including any provisions for waiver of those requirements.

1 **“SEC. 260. EVALUATION.**

2 “The Secretary shall provide for an evaluation of the
3 program carried out under this part, which shall asses
4 such issues as—

5 “(1) whether institutions participating in the el-
6 igible partnerships are successful in preparing schol-
7 arship recipients to teach to high State and local
8 standards;

9 “(2) whether scholarship recipients are success-
10 ful in completing teacher preparation programs, be-
11 coming fully certified teachers, and obtaining teach-
12 ing positions in underserved areas, and whether the
13 recipients continue teaching in those areas over a pe-
14 riod of years;

15 “(3) the national impact of the program in as-
16 sisting local educational agencies in underserved
17 areas to recruit, prepare, and retain diverse, high-
18 quality teachers in the areas in which the agencies
19 have the greatest needs;

20 “(4) the long-term impact of the grants on
21 teacher preparation programs conducted by institu-
22 tions of higher education participating in the eligible
23 partnership and on the institutions’ relationships
24 with their partner local educational agencies and
25 other members of the partnership; and

1 “(5) the relative effectiveness of different ap-
2 proaches for preparing new teachers to teach in un-
3 derserved areas, including their effectiveness in pre-
4 paring new teachers to teach to high content and
5 performance standards.

6 **“SEC. 261. NATIONAL ACTIVITIES.**

7 “The Secretary may reserve not more than 5 percent
8 of the funds appropriated for this part for any fiscal year
9 for—

10 “(1) peer review of applications;

11 “(2) conducting the evaluation required under
12 section 260; and

13 “(3) technical assistance.

14 **“SEC. 262. AUTHORIZATION OF APPROPRIATIONS.**

15 “There are authorized to be appropriated to carry out
16 this part \$37,000,000 for fiscal year 1999 and such sums
17 as may be necessary for each of the 4 succeeding fiscal
18 years.”.

19 **TITLE III—INSTITUTIONAL AID**

20 **SEC. 301. TRANSFERS AND REDESIGNATIONS.**

21 (a) IN GENERAL.—Title III (20 U.S.C. 1051 et seq.)
22 is amended—

23 (1) by redesignating part D as part F;

24 (2) by redesignating sections 351, 352, 353,
25 354, 356, 357, 358, and 360 (20 U.S.C. 1066,

1 1067, 1068, 1069, 1069b, 1069c, 1069d, and 1069f)
2 as sections 391, 392, 393, 394, 395, 396, 397, and
3 398, respectively;

4 (3) by transferring part B of title VII (20
5 U.S.C. 1132c et seq.) to title III to follow part C of
6 title III (20 U.S.C. 1065 et seq.), and redesignating
7 such part B as part D;

8 (4) by redesignating sections 721 through 728
9 (20 U.S.C. 1132c and 1132c–7) as sections 341
10 through 348, respectively;

11 (5) by transferring subparts 1 and 3 of part B
12 of title X (20 U.S.C. 1135b et seq. and 1135d et
13 seq.) to title III to follow part D of title III (as re-
14 designated by paragraph (3)), and redesignating
15 such subpart 3 as subpart 2;

16 (6) by inserting after part D of title III (as re-
17 designated by paragraph (3)) the following:

18 **“PART E—MINORITY SCIENCE IMPROVEMENT**

19 **PROGRAM”**;

20 (7) by redesignating sections 1021 through
21 1024 (20 U.S.C. 1135b and 1135b–3), and sections
22 1041, 1042, 1043, 1044, 1046, and 1047 (20
23 U.S.C. 1135d, 1135d–1, 1135d–2, 1135d–3, 1135d–
24 5, and 1135d–6) as sections 351 through 354, and

1 sections 361, 362, 363, 364, 365, and 366, respec-
2 tively; and

3 (8) by repealing section 366 (as redesignated by
4 paragraph (7)) (20 U.S.C. 1135d–6).

5 (b) CONFORMING AMENDMENT.—Section 361 (as re-
6 designated by subsection (a)(7)) (20 U.S.C. 1135d) is
7 amended—

8 (1) in paragraph (1), by inserting “and” after
9 the semicolon;

10 (2) in paragraph (2), by striking “; and” and
11 inserting a period; and

12 (3) by striking paragraph (3).

13 (c) CROSS REFERENCES.—Title III (20 U.S.C. 1051
14 et seq.) is amended—

15 (1) in section 311(b) (20 U.S.C. 1057(b)), by
16 striking “360(a)(1)” and inserting “398(a)(1)”;

17 (2) in section 312 (20 U.S.C. 1058)—

18 (A) in subsection (b)(1)(B), by striking
19 “352(b)” and inserting “392(b)”;

20 (B) in subsection (c)(2), by striking
21 “352(a)” and inserting “392(a)”;

22 (3) in section 313(b) (20 U.S.C. 1059(b)), by
23 striking “354(a)(1)” and inserting “394(a)(1)”;

24 (4) in section 342 (as redesignated by sub-
25 section (a)(4)) (20 U.S.C. 1132e–1)—

1 (A) in paragraph (3), by striking “723(b)”
2 and inserting “343(b)”;

3 (B) in paragraph (4), by striking “723”
4 and inserting “343”;

5 (C) in the matter preceding subparagraph
6 (A) of paragraph (5), by striking “724(b)” and
7 inserting “344(b)”;

8 (D) in paragraph (8), by striking “725(1)”
9 and inserting “345(1)”;

10 (E) in paragraph (9), by striking “727”
11 and inserting “347”;

12 (5) in section 343 (as redesignated by sub-
13 section (a)(4)) (20 U.S.C. 1132e-2)—

14 (A) in subsection (a), by striking “724”
15 and inserting “344”;

16 (B) in subsection (b)—

17 (i) in the matter preceding paragraph
18 (1), by striking “725(1) and 726” and in-
19 serting “345(1) and 346”;

20 (ii) in paragraph (10), by striking
21 “724” and inserting “344”;

22 (iii) in subsection (d), by striking
23 “723(c)(1)” and inserting “343(c)(1)”;

1 (6) in section 345(2) (as redesignated by sub-
2 section (a)(4)) (20 U.S.C. 1132c-4(2)), by striking
3 “723” and inserting “343”;

4 (7) in section 348 (as redesignated by sub-
5 section (a)(4)) (20 U.S.C. 1132c-7), by striking
6 “725(1)” and inserting “345(1)”;

7 (8) in section 353(a) (as redesignated by sub-
8 section (a)(7)) (20 U.S.C. 1135b-2(a))—

9 (A) in paragraph (1), by striking
10 “1046(6)” and inserting “365(6)”;

11 (B) in paragraph (2), by striking
12 “1046(7)” and inserting “365(7)”;

13 (C) in paragraph (3), by striking
14 “1046(8)” and inserting “365(8)”;

15 (D) in paragraph (4), by striking
16 “1046(9)” and inserting “365(9)”;

17 (9) in section 361(1) (as redesignated by sub-
18 section (a)(7)) (20 U.S.C. 1135d(1)), by striking
19 “1046(3)” and inserting “365(3)”;

20 (10) in section 362(a) (as redesignated by sub-
21 section (a)(7)) (20 U.S.C. 1135d-1(a))—

22 (A) in the matter preceding paragraph (1),
23 by striking “1041” and inserting “361”; and

24 (B) in paragraph (1), by striking
25 “1021(b)” and inserting “351(b)”;

1 (11) in section 391(b)(6) (as redesignated by
2 subsection (a)(2)), by striking “357” and inserting
3 “396”.

4 **SEC. 302. FINDINGS.**

5 Section 301(a) (20 U.S.C. 1051(a)) is amended—

6 (1) by redesignating paragraphs (3) through
7 (7) as paragraphs (4) through (8), respectively; and

8 (2) by inserting after paragraph (2) the follow-
9 ing:

10 “(3) in order to be competitive and provide a
11 high-quality education for all, institutions of higher
12 education should improve their technological capac-
13 ity and make effective use of technology;”.

14 **SEC. 303. STRENGTHENING INSTITUTIONS.**

15 (a) GRANTS.—Section 311 (20 U.S.C. 1057) is
16 amended—

17 (1) in subsection (b)(3)(D), by inserting “, in-
18 cluding high technology equipment,” after “equip-
19 ment”; and

20 (2) by adding at the end the following:

21 “(c) ENDOWMENT FUND.—

22 “(1) IN GENERAL.—An eligible institution may
23 use not more than 20 percent of the grant funds
24 provided under this part to establish or increase an
25 endowment fund at such institution.

1 “(2) MATCHING REQUIREMENT.—In order to be
2 eligible to use grant funds in accordance with para-
3 graph (1), the eligible institution shall provide
4 matching funds, in an amount equal to the Federal
5 funds used in accordance with paragraph (1), for the
6 establishment or increase of the endowment fund.

7 “(3) COMPARABILITY.—The provisions of part
8 C, regarding the establishment or increase of an en-
9 dowment fund, that the Secretary determines are
10 not inconsistent with this subsection, shall apply to
11 funds used under paragraph (1).”.

12 (b) DURATION OF GRANT.—Section 313 (20 U.S.C.
13 1059) is amended by adding at the end the following:

14 “(d) WAIT-OUT-PERIOD.—Each eligible institution
15 that received a grant under this part for a 5-year period
16 shall not be eligible to receive an additional grant under
17 this part until 2 years after the date on which the 5-year
18 grant period terminates.”.

19 (c) HISPANIC-SERVING INSTITUTIONS.—Section 316
20 (20 U.S.C. 1059c) is amended—

21 (1) in subsection (b)(1), by amending subpara-
22 graph (C) to read as follows:

23 “(C) provides assurances that not less than
24 50 percent of the institution’s Hispanic stu-

1 dents are low-income individuals who are first
2 generation college students;”;

3 (2) in subsection (c), by adding at the end the
4 following:

5 “(3) ENDOWMENT FUND.—

6 “(A) IN GENERAL.—A Hispanic-serving in-
7 stitution may use not more than 20 percent of
8 the grant funds provided under this part to es-
9 tablish or increase an endowment fund at the
10 institution.

11 “(B) MATCHING REQUIREMENT.—In order
12 to be eligible to use grant funds in accordance
13 with subparagraph (A), the Hispanic-serving in-
14 stitution shall provide matching funds, in an
15 amount equal to the Federal funds used in ac-
16 cordance with paragraph (1), for the establish-
17 ment or increase of the endowment fund.

18 “(C) COMPARABILITY.—The provisions of
19 part C regarding the establishment or increase
20 of an endowment fund, that the Secretary de-
21 termines are not inconsistent with this para-
22 graph, shall apply to funds used under subpara-
23 graph (A).”;

24 (3) in subsection (d)(3)—

1 (A) by inserting “or community-based or-
2 ganization” after “educational agency”; and

3 (B) by inserting “or organization” after
4 “such agency”.

5 **SEC. 304. STRENGTHENING HBCU’S.**

6 (a) GRANTS.—Section 323 (20 U.S.C. 1062) is
7 amended—

8 (1) by redesignating subsection (b) as sub-
9 section (c); and

10 (2) by inserting after subsection (a) the follow-
11 ing:

12 “(b) ENDOWMENT FUND.—

13 “(1) IN GENERAL.—An institution may use not
14 more than 20 percent of the grant funds provided
15 under this part to establish or increase an endow-
16 ment fund at the institution.

17 “(2) MATCHING REQUIREMENT.—In order to be
18 eligible to use grant funds in accordance with para-
19 graph (1), the eligible institution shall provide
20 matching funds, in an amount equal to the Federal
21 funds used in accordance with paragraph (1), for the
22 establishment or increase of the endowment fund.

23 “(3) COMPARABILITY.—The provisions of part
24 C regarding the establishment or increase of an en-
25 dowment fund, that the Secretary determines are

1 not inconsistent with this subsection, shall apply to
2 funds used under paragraph (1).”.

3 (b) PROFESSIONAL OR GRADUATE INSTITUTIONS.—

4 Section 326 (20 U.S.C. 1063b) is amended—

5 (1) in subsection (a), by adding at the end of
6 paragraph (2) the following: “If a grant of less than
7 \$500,000 is made under this section, matching
8 funds provided from non-Federal sources are not re-
9 quired. If a grant equal to or in excess of \$500,000
10 is made under this section, matching funds provided
11 from non-Federal sources are required only with re-
12 spect to the amount of the grant that exceeds
13 \$500,000.”; and

14 (2) in subsection (e)(1)—

15 (A) in subparagraph (E), by inserting
16 “, and any Tuskegee University qualified grad-
17 uate program” before the semicolon;

18 (B) in subparagraph (F), by inserting
19 “, and any Xavier University qualified graduate
20 program” before the semicolon;

21 (C) in subparagraph (G), by inserting
22 “, and any Southern University qualified grad-
23 uate program” before the semicolon;

1 (D) in subparagraph (H), by inserting
2 “, and any Texas Southern University qualified
3 graduate program” before the semicolon;

4 (E) in subparagraph (I), by inserting
5 “, and any Florida A&M University qualified
6 graduate program” before the semicolon; and

7 (F) in subparagraph (J), by inserting
8 “, and any North Carolina Central University
9 qualified graduate program” before the semi-
10 colon.

11 **SEC. 305. ENDOWMENT CHALLENGE GRANTS.**

12 Paragraph (2) of section 331(b) (20 U.S.C. 1065(b))
13 is amended by striking subparagraphs (B) and (C) and
14 inserting the following:

15 “(B) The Secretary may make a grant under this
16 part to an eligible institution in any fiscal year in which
17 the amount appropriated to carry out this part is less than
18 \$15,000,000, if the institution—

19 “(i) applies for a grant in an amount not ex-
20 ceeding \$500,000; and

21 “(ii) has deposited in its endowment fund es-
22 tablished under this section an amount which is
23 equal to $\frac{1}{2}$ of the amount of such grant.

24 “(C) An eligible institution of higher education that
25 is awarded a grant under subparagraph (B) shall not be

1 eligible to receive an additional grant under subparagraph
2 (B) until 10 years after the date on which the grant period
3 terminates.”.

4 **SEC. 306. HBCU CAPITAL FINANCING.**

5 (a) DEFINITION.—Section 342(5) (as redesignated
6 by section 301(a)(4)) (20 U.S.C. 1132e–1(5)) is amend-
7 ed—

8 (1) by redesignating subparagraphs (B), (C),
9 and (D) as subparagraphs (C), (F), and (G);

10 (2) by inserting after subparagraph (A) the fol-
11 lowing:

12 “(B) a facility for the administration of an
13 educational program, or a student center or
14 student union, except that not more than 5 per-
15 cent of the loan proceeds provided under this
16 part may be used for the facility, center or
17 union if the facility, center or union is owned,
18 leased, managed, or operated by a private busi-
19 ness, that, in return for such use, makes a pay-
20 ment to the eligible institution;”;

21 (3) by inserting after subparagraph (C) (as re-
22 designated by paragraph (1)) the following:

23 “(D) a maintenance, storage, or utility fa-
24 cility that is essential to the operation of a fa-
25 cility, a library, a dormitory, equipment, instru-

1 1066(b)) is amended by inserting “, D or E” after “part
2 C”.

3 (b) APPLICATION REVIEW PROCESS.—Section 393
4 (as redesignated by section 301(a)(2)) (20 U.S.C. 1068)
5 is amended by adding at the end the following:

6 “(d) EXCLUSION.—The provisions of this section
7 shall not apply to applications submitted under part D.”.

8 (c) WAIVERS.—Paragraph (2) of section 395(b) (as
9 redesignated by section 301(a)(2)) (20 U.S.C. 1069b(b))
10 is amended by striking “title II, IV, VII, or VIII” and
11 inserting “part D, title IV, or title VIII”.

12 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
13 398(a) (as redesignated by section 301(a)(2)) (20 U.S.C.
14 1069f) is amended—

15 (1) in paragraph (1)—

16 (A) in subparagraph (A), by striking
17 “1993” and inserting “1999”; and

18 (B) in subparagraph (B)—

19 (i) in clause (i), by striking “1993”
20 and inserting “1999”;

21 (ii) by striking clause (ii); and

22 (iii) by striking “(B)(i) There” and
23 inserting “(B) There”;

24 (2) in paragraph (2)—

1 (A) in subparagraph (A), by striking
2 “1993” and inserting “1999”; and

3 (B) in subparagraph (B), by striking
4 “\$20,000,000 for fiscal year 1993” and insert-
5 ing “\$30,000,000 for fiscal year 1999”;

6 (3) in paragraph (3), by striking “\$50,000,000
7 for fiscal year 1993” and inserting “\$10,000,000 for
8 fiscal year 1999”; and

9 (4) by adding at the end the following:

10 “(4) PART D.—There are authorized to be ap-
11 propriated to carry out part D, \$110,000 for fiscal
12 year 1999, and such sums as may be necessary for
13 each of the 4 succeeding fiscal years.

14 “(5) PART E.—There are authorized to be ap-
15 propriated to carry out part E, \$10,000,000 for fis-
16 cal year 1999, and such sums as may be necessary
17 for each of the 4 succeeding fiscal years.”.

18 **TITLE IV—STUDENT ASSISTANCE**

19 **PART A—GRANTS TO STUDENTS IN ATTENDANCE**

20 **AT INSTITUTIONS OF HIGHER EDUCATION**

21 **SEC. 411. REPEALS AND REDESIGNATIONS.**

22 Title IV (20 U.S.C. 1070 et seq.) is amended—

23 (1) in part A (20 U.S.C. 1070 et seq.)—

1 (A) in subpart 2 (20 U.S.C. 1070a–11), by
 2 repealing chapters 3 through 8 (20 U.S.C.
 3 1070a–31 et seq. and 1070a–81 et seq.); and

4 (B) by repealing subpart 8 (20 U.S.C.
 5 1070f); and

6 (2) in part H (20 U.S.C. 1099a et seq.)—

7 (A) by repealing subpart 1 (20 U.S.C.
 8 1099a et seq.); and

9 (B) by redesignating subparts 2 and 3 (20
 10 U.S.C. 1099b et seq. and 1099c et seq.) as sub-
 11 parts 1 and 2, respectively.

12 **SEC. 412. FEDERAL PELL GRANTS.**

13 (a) AMENDMENT TO SUBPART HEADING.—The head-
 14 ing for subpart 1 of part A of title IV (20 U.S.C. 1070a
 15 et seq.) is amended by striking “**Basic Educational**
 16 **Opportunity Grants**” and inserting “**Federal Pell**
 17 **Grants**”.

18 (b) FEDERAL PELL GRANTS.—Section 401 (20
 19 U.S.C. 1070a) is amended—

20 (1) in the section heading, by striking “**BASIC**
 21 **EDUCATIONAL OPPORTUNITY GRANTS**” and in-
 22 serting “**FEDERAL PELL GRANTS**”;

23 (2) in subsection (a)(1)—

24 (A) in the first sentence, by striking “shall,
 25 during the period beginning July 1, 1972, and

1 ending September 30, 1998,” and inserting “,
2 for each fiscal year through fiscal year 2004,
3 shall”; and

4 (B) in the second sentence, by inserting
5 “until such time as the Secretary determines
6 and publishes in the Federal Register with an
7 opportunity for comment, an alternative pay-
8 ment system that provides payments to institu-
9 tions in an accurate and timely manner,” after
10 “pay eligible students”;

11 (3) in subsection (b)—

12 (A) in paragraph (2)(A), by striking
13 clauses (i) through (v), and inserting the follow-
14 ing:

15 “(i) \$5,000 for academic year 1999–
16 2000;

17 “(ii) \$5,200 for academic year 2000–
18 2001;

19 “(iii) \$5,400 for academic year 2001–
20 2002;

21 “(iv) \$5,600 for academic year 2002–
22 2003; and

23 “(v) \$5,800 for academic year 2003–
24 2004.”;

1 (B) by amending paragraph (3) to read as
2 follows:

3 “(3) For any academic year for which an ap-
4 propriation Act provides a maximum basic grant in
5 an amount in excess of \$2,400, the amount of a stu-
6 dent’s basic grant shall equal \$2,400 plus—

7 “(A) one-half of the amount by which such
8 maximum basic grant exceeds \$2,400; plus

9 “(B) the lesser of—

10 “(i) the remaining one-half of such ex-
11 cess; or

12 “(ii) the sum of the student’s tuition,
13 fees, and if the student has dependent care
14 expenses (as described in section 472(8) or
15 disability-related expenses (as described in
16 section 472(9)), an allowance determined
17 by the institution for such expenses.”; and

18 (C) in paragraph (5), by striking “\$400,
19 except” and all that follows through “grant of
20 \$400” and insert “\$200”; and

21 (4) in subsection (c)—

22 (A) by amending paragraph (1) to read as
23 follows: “(1)(A) Except as provided in subpara-
24 graph (B), the period during which a student
25 may receive a basic grant shall be the period,

1 required for the completion of the first under-
2 graduate baccalaureate course of study pursued
3 by the student at the institution at which the
4 student is in attendance, that does not exceed
5 150 percent of the period normally required by
6 a full-time student (or the equivalent period, in
7 the case of a part-time student) to complete the
8 course of study at the institution, as determined
9 by the institution.

10 “(B) A student may receive basic grants
11 under this subpart for a period that exceeds the
12 period described in subparagraph (A) to the ex-
13 tent the institution in which the student is en-
14 rolled determines necessary to accommodate the
15 rights of students with disabilities under section
16 504 of the Rehabilitation Act of 1973.”; and

17 (B) in paragraph (2)—

18 (i) by striking “Nothing” and insert-
19 ing “(A) Except as provided in subpara-
20 graph (B), nothing”;

21 (ii) by striking “or, in the case” and
22 all that follows through “or skills”; and

23 (iii) by adding at the end the follow-
24 ing:

1 “(B)(i) A student may receive a basic
2 grant to attend English language instruction
3 that is a separate course of instruction only
4 if—

5 “(I) students enrolled in such a course
6 are required to take an independently ad-
7 ministered standardized test of English
8 language proficiency upon completion of
9 the course; and

10 “(II) not less than a minimum per-
11 centage of such students achieve a passing
12 score on that test.

13 “(ii) The Secretary shall promulgate regu-
14 lations that specify 1 or more standardized
15 tests of English proficiency, the minimum per-
16 centage of students who must achieve a passing
17 score on the tests, and such other requirements
18 as the Secretary determines are necessary to
19 implement clause (i).”.

20 **SEC. 413. TRIO PROGRAMS.**

21 (a) PROGRAM AUTHORITY.—Section 402A (20
22 U.S.C. 1070a–11) is amended—

23 (1) in subsection (b)(3)—

1 (A) in subparagraph (A), by striking
2 “\$170,000 for fiscal year 1993” and inserting
3 “\$190,000 for each fiscal year”;

4 (B) in subparagraph (B), by striking
5 “\$180,000 for fiscal year 1994” and inserting
6 “\$200,000 for each fiscal year”; and

7 (C) in subparagraph (C), by striking
8 “\$190,000 for fiscal year 1995” and inserting
9 “\$210,000 for each fiscal year”;

10 (2) in subsection (c)(6), by amending the last
11 sentence to read as follows: “The Secretary shall
12 permit a Director of a program assisted under this
13 chapter to also administer 1 or more additional pro-
14 grams for disadvantaged students operated by the
15 sponsoring entity regardless of the funding source of
16 such additional program.”; and

17 (3) in subsection (f), by striking “\$650,000,000
18 for fiscal year 1993” and inserting “\$700,000,000
19 for fiscal year 1999”.

20 (b) TALENT SEARCH.—Section 402B(b)(5) (20
21 U.S.C. 1070a–12(b)(5)) is amended by inserting “, or ac-
22 tivities designed to acquaint individuals from disadvan-
23 tagged backgrounds with careers in which the individuals
24 are particularly underrepresented” before the semicolon.

1 (c) UPWARD BOUND.—Section 402C (20 U.S.C.
2 1070a–13) is amended—

3 (1) in subsection (b)—

4 (A) in paragraph (9), by striking “and”
5 after the semicolon;

6 (B) by redesignating paragraph (10) as
7 paragraph (11);

8 (C) by inserting after paragraph (9) the
9 following:

10 “(10) work-study positions where youth partici-
11 pating in the project are exposed to careers requir-
12 ing a postsecondary degree; and”; and

13 (D) in paragraph (11) (as redesignated by
14 subparagraph (B)), by striking “(9)” and in-
15 serting “(10)”; and

16 (2) in subsection (e), by striking “and not in
17 excess of \$40 per month during the remaining pe-
18 riod of the year.” and inserting “except that youth
19 participating in a work-study position under sub-
20 section (b)(10) may be paid a stipend of \$300 per
21 month during June, July, and August. Youths par-
22 ticipating in a project proposed to be carried out
23 under any application may be paid stipends not in
24 excess of \$40 per month during the remaining pe-
25 riod of the year.”.

1 (d) STUDENT SUPPORT SERVICES.—Paragraph (6)
2 of section 402D(e) (20 U.S.C. 1070a–14(e)(6)) is amend-
3 ed to read as follows:

4 “(6) consider, in addition to such other criteria
5 as the Secretary may prescribe, the institution’s ef-
6 fort, and where applicable past history, in—

7 “(A) providing sufficient financial assist-
8 ance to meet the full financial need of each stu-
9 dent at the institution; and

10 “(B) maintaining the loan burden of each
11 such student at a manageable level.”.

12 (e) EVALUATION AND DISSEMINATION.—Section
13 402H (20 U.S.C. 1070a–18) is amended to read as fol-
14 lows:

15 **“SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IM-**
16 **PROVEMENT AND DISSEMINATION PARTNER-**
17 **SHIP PROJECTS.**

18 “(a) EVALUATIONS.—

19 “(1) IN GENERAL.—For the purpose of improv-
20 ing the effectiveness of the programs and projects
21 assisted under this subpart, the Secretary may make
22 grants to or enter into contracts with institutions of
23 higher education and other public and private insti-
24 tutions and organizations to evaluate the effective-

1 ness of the programs and projects assisted under
2 this subpart.

3 “(2) PRACTICES.—The evaluations described in
4 paragraph (1) shall identify institutional, commu-
5 nity, and program or project practices that are par-
6 ticularly effective in enhancing the access of low-in-
7 come individuals and first-generation college stu-
8 dents to postsecondary education, the preparation of
9 the individuals and students for postsecondary edu-
10 cation, and the success of the individuals and stu-
11 dents in postsecondary education.

12 “(b) GRANTS.—The Secretary may award grants to
13 institutions of higher education or other private and public
14 institutions and organizations, that are carrying out a pro-
15 gram or project assisted under this subpart prior to the
16 date of enactment of the Higher Education Amendments
17 of 1998, to enable the institutions and organizations to
18 expand and leverage the success of such programs or
19 projects by working in partnership with other institutions,
20 community-based organizations, or combinations of such
21 institutions and organizations, that are not receiving as-
22 sistance under this subpart and are serving low-income
23 students and first generation college students, in order
24 to—

1 “(1) disseminate and replicate best practices of
2 programs or projects assisted under this subpart;
3 and

4 “(2) provide technical assistance regarding pro-
5 grams and projects assisted under this subpart.

6 “(c) RESULTS.—In order to improve overall program
7 or project effectiveness, the results of evaluations and
8 grants described in this section shall be disseminated by
9 the Secretary to similar programs or projects assisted
10 under this subpart, as well as other individuals concerned
11 with postsecondary access for and retention of low-income
12 individuals and first-generation college students.”.

13 **SEC. 414. NATIONAL EARLY INTERVENTION SCHOLARSHIP**
14 **AND PARTNERSHIP PROGRAM.**

15 Section 404G (20 U.S.C. 1070a–27) is amended by
16 striking “1993” and inserting “1999”.

17 **SEC. 415. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPOR-**
18 **TUNITY GRANTS.**

19 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
20 413A(b) (20 U.S.C. 1070b) is amended by striking
21 “\$675,000,000 for fiscal year 1993” and inserting
22 “\$700,000,000 for fiscal year 1999”.

23 (b) USE OF FUNDS FOR LESS-THAN-FULL-TIME
24 STUDENTS.—Subsection (d) of section 413C (20 U.S.C.
25 1070b–2) is amended to read as follows:

1 “(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME
 2 STUDENTS.—If the institution’s allocation under this sub-
 3 part is directly or indirectly based in part on the financial
 4 need demonstrated by students who are independent stu-
 5 dents or attending the institution on less than a full-time
 6 basis, a reasonable proportion of the allocation shall be
 7 made available to such students.”.

8 (e) CARRYOVER, CARRYBACK, AND REALLOCA-
 9 TION.—Subpart 3 of part A of title IV (20 U.S.C. 1070b
 10 et seq.) is amended by adding at the end the following:
 11 **“SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCA-**
 12 **TION.**

13 “(a) CARRYOVER AUTHORITY.—Of the sums made
 14 available to an eligible institution under this subpart for
 15 a fiscal year, not more than 10 percent may, at the discre-
 16 tion of the institution, remain available for expenditure
 17 during the succeeding fiscal year to carry out the program
 18 under this subpart.

19 “(b) CARRYBACK AUTHORITY.—Of the sums made
 20 available to an eligible institution under this subpart for
 21 a fiscal year, not more than 10 percent may, at the discre-
 22 tion of the institution, be used by the institution for ex-
 23 penditure for the fiscal year preceding the fiscal year for
 24 which the sums were appropriated.

1 “(c) REALLOCATION.—Any of the sums made avail-
2 able to an eligible institution under this subpart for a fis-
3 cal year that are not needed by the institution to award
4 supplemental grants during that fiscal year, that the insti-
5 tution does not wish to use during the succeeding fiscal
6 year as authorized in subsection (a), and that the institu-
7 tion does not wish to use for the preceding fiscal year as
8 authorized in subsection (b), shall be made available to
9 the Secretary for reallocation under section 413D(e) until
10 the end of the second fiscal year after the fiscal year for
11 which such sums were appropriated.”.

12 **SEC. 416. LEVERAGING EDUCATIONAL ASSISTANCE PART-**
13 **nership Program.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
15 415A(b) (20 U.S.C. 1070c(b)) is amended—

16 (1) in paragraph (1), by striking “1993” and
17 inserting “1999”;

18 (2) by redesignating paragraph (2) as para-
19 graph (3); and

20 (3) by inserting after paragraph (1) the follow-
21 ing:

22 “(2) RESERVATION.—For any fiscal year for
23 which the amount appropriated under paragraph (1)
24 exceeds \$35,000,000, the excess shall be available to
25 carry out section 415E.”.

1 (b) SPECIAL LEVERAGING EDUCATIONAL ASSIST-
2 ANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of
3 title IV (20 U.S.C. 1070c et seq.) is amended—

4 (1) by redesignating section 415E as 415F;

5 (2) by inserting after section 415D the follow-
6 ing:

7 **“SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSIST-**
8 **ANCE PARTNERSHIP PROGRAM.**

9 “(a) IN GENERAL.—From amounts reserved under
10 section 415A(b)(2) for each fiscal year, the Secretary
11 shall—

12 “(1) make allotments among States in the same
13 manner as the Secretary makes allotments among
14 States under section 415B; and

15 “(2) award grants to States, from allotments
16 under paragraph (1), to enable the States to pay the
17 Federal share of the cost of the authorized activities
18 described in subsection (c).

19 “(b) APPLICABILITY RULE.—The provisions of this
20 subpart which are not inconsistent with this section shall
21 apply to the program authorized by this section.

22 “(c) AUTHORIZED ACTIVITIES.—Each State receiv-
23 ing a grant under this section may use the grant funds
24 for—

1 “(1) increasing the dollar amount of grants
2 awarded under section 415B to eligible students who
3 demonstrate financial need;

4 “(2) carrying out transition programs from sec-
5 ondary school to postsecondary education for eligible
6 students who demonstrate financial need;

7 “(3) making funds available for community
8 service work-study activities for eligible students who
9 demonstrate financial need;

10 “(4) creating a postsecondary scholarship pro-
11 gram for eligible students who demonstrate financial
12 need and wish to enter teaching;

13 “(5) creating a scholarship program for eligible
14 students who demonstrate financial need and wish to
15 enter a program of study leading to a degree in
16 mathematics, computer science, or engineering;

17 “(6) carrying out early intervention programs,
18 mentoring programs, and career education programs
19 for eligible students who demonstrate financial need;
20 and

21 “(7) awarding merit or academic scholarships
22 to eligible students who demonstrate financial need.

23 “(d) MAINTENANCE OF EFFORT REQUIREMENT.—
24 Each State receiving a grant under this section for a fiscal
25 year shall provide the Secretary an assurance that the ag-

1 gregate amount expended per student or the aggregate ex-
 2 penditures by the State, from funds derived from non-Fed-
 3 eral sources, for the authorized activities described in sub-
 4 section (c) for the preceding fiscal year were not less than
 5 the amount expended per student or the aggregate expend-
 6 itures by the State for the activities for the second preced-
 7 ing fiscal year.

8 “(e) FEDERAL SHARE.—The Federal share of the
 9 cost of the authorized activities described in subsection (c)
 10 for any fiscal year shall be $33\frac{1}{3}$ percent.”; and

11 (3) by adding at the end the following:

12 **“SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE**
 13 **AGREEMENTS.**

14 “(a) IN GENERAL.—Any State that desires to receive
 15 assistance under this subpart shall enter into an agree-
 16 ment with the Secretary pursuant to subsection (b) setting
 17 forth the terms and conditions for the relationship be-
 18 tween the Federal Government and that State for the pur-
 19 poses set forth under this subpart.

20 “(b) CONTENTS.—

21 “(1) IN GENERAL.—Such agreement shall con-
 22 sist of assurances by the State, including a descrip-
 23 tion of the means to be used by the State to fulfill
 24 the assurances, that—

1 “(A) the State will provide for such meth-
2 ods of administration as are necessary for the
3 proper and efficient administration of the pro-
4 gram under this subpart in keeping with the
5 purposes set forth under this subpart;

6 “(B) the State will provide for such fiscal
7 control and fund accounting procedures as may
8 be necessary to ensure proper disbursement of,
9 and accounting for, Federal funds paid to the
10 State under this subpart;

11 “(C) the State will follow policies and prac-
12 tices of administration that will ensure that
13 non-Federal funds will not be supplanted by
14 Federal funds, and that equitable and appro-
15 priate criteria will be used in evaluation of ap-
16 plications or proposals for grants under this
17 subpart; and

18 “(D) the State has a comprehensive plan-
19 ning or policy formulation process that—

20 “(i) considers the relation between
21 State administration of the program under
22 this subpart, and administration of similar
23 State programs or processes;

24 “(ii) encourages State policies de-
25 signed to consider effects on declining en-

1 rollments on all sectors of postsecondary
2 education in the State;

3 “(iii) considers the postsecondary edu-
4 cation needs of unserved and underserved
5 individuals within the State, including indi-
6 viduals beyond the traditional college age;

7 “(iv) considers the resources of insti-
8 tutions, organizations, or agencies (both
9 public and private) within the State capa-
10 ble of providing postsecondary educational
11 opportunities in the State; and

12 “(v) provides for direct, equitable, and
13 active participation in the comprehensive
14 planning or policy formulation process or
15 processes of representatives of institutions
16 of higher education (including community
17 colleges, proprietary institutions, and inde-
18 pendent colleges and universities), stu-
19 dents, other providers of postsecondary
20 education services, and the general public
21 in the State.

22 “(2) SPECIAL RULE.—Participation under para-
23 graph (1)(D)(v) shall, consistent with State law, be
24 achieved through membership on State planning
25 commissions, State advisory councils, or other State

1 entities established by the State to conduct federally
2 assisted comprehensive planning or policy formula-
3 tion.

4 “(c) SPECIAL RULE.—The information and assur-
5 ances provided by a State in accordance with subpara-
6 graphs (A), (B), and (C) of subsection (b)(1), and regula-
7 tions issued by the Secretary related directly to such as-
8 surances, shall be satisfactory for the purposes of, and
9 shall be considered in lieu of, any comparable require-
10 ments for information and assurances in any program
11 under this subpart.

12 “(d) AGREEMENT DURATION; COMPLIANCE.—

13 “(1) AGREEMENT DURATION.—An agreement
14 of a State shall remain in effect subject to modifica-
15 tion as changes in information or circumstances re-
16 quire.

17 “(2) COMPLIANCE.—Whenever the Secretary,
18 after reasonable notice and opportunity for a hear-
19 ing has been given to the State, finds that there is
20 a failure to comply substantially with the assurances
21 required in subparagraph (A), (B), or (C) of sub-
22 section (b)(1), the Secretary shall notify the State
23 that the State is no longer eligible to participate in
24 the program under this subpart until the Secretary

1 is satisfied that there is no longer any such failure
2 to comply.

3 “(e) SPECIAL RULES.—

4 “(1) ENTITIES ENTERING INTO AGREE-
5 MENTS.—For the purpose of this section, the selec-
6 tion of the State entity or entities authorized to act
7 on behalf of the State for the purpose of entering
8 into an agreement with the Secretary shall be in ac-
9 cordance with the State law of each individual State
10 with respect to the authority to make legal agree-
11 ments between the State and the Federal Govern-
12 ment.

13 “(2) CONSTRUCTION.—

14 “(A) STATE STRUCTURE.—Nothing in this
15 section shall be construed to authorize the Sec-
16 retary to require any State to adopt, as a condi-
17 tion for entering into an agreement, or for par-
18 ticipation in a program under this subpart, a
19 specific State organizational structure for
20 achieving participation in the planning, or ad-
21 ministration of programs, or for statewide plan-
22 ning, coordination, governing, regulating, or ad-
23 ministering of postsecondary education agen-
24 cies, institutions, or programs in the State.

1 “(B) STATE AUTHORITY.—Nothing in this
2 section shall be construed as a limitation on the
3 authority of any State to adopt a State organi-
4 zational structure for postsecondary education
5 agencies, institutions, or programs that is ap-
6 propriate to the needs, traditions, and cir-
7 cumstances of that State, or as a limitation on
8 the authority of a State entering into an agree-
9 ment pursuant to this section to modify the
10 State organizational structure at any time sub-
11 sequent to entering into such an agreement.”.

12 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

13 (1) PURPOSE.—Subsection (a) of section 415A
14 (20 U.S.C. 1070c(a)) is amended to read as follows:

15 “(a) PURPOSE OF SUBPART.—It is the purpose of
16 this subpart to make incentive grants available to States
17 to assist States in—

18 “(1) providing grants to—

19 “(A) eligible students attending institu-
20 tions of higher education or participating in
21 programs of study abroad that are approved for
22 credit by institutions of higher education at
23 which such students are enrolled; and

24 “(B) eligible students for campus-based
25 community service work-study; and

1 “(2) carrying out the activities described in sec-
2 tion 415F.”.

3 (2) ALLOTMENT.—Section 415B(a)(1) (20
4 U.S.C. 1070c–1(a)(1)) is amended by inserting “and
5 not reserved under section 415A(b)(2)” after
6 “415A(b)(1)”.

7 **SEC. 417. HEP AND CAMP.**

8 Section 418A(g) (20 U.S.C. 1070d–2(g)) is amend-
9 ed—

10 (1) in paragraph (1), by striking “\$15,000,000
11 for fiscal year 1993” and inserting “\$25,000,000 for
12 fiscal year 1999”; and

13 (2) in paragraph (2), by striking “\$5,000,000
14 for fiscal year 1993” and inserting “\$10,000,000 for
15 fiscal year 1999”.

16 **SEC. 418. ROBERT C. BYRD HONORS SCHOLARSHIP**
17 **PROGRAM.**

18 Section 419K (20 U.S.C. 1070d–41) is amended by
19 striking “\$10,000,000 for fiscal year 1993” and inserting
20 “\$45,000,000 for fiscal year 1999”.

21 **SEC. 419. CHILD CARE ACCESS MEANS PARENTS IN**
22 **SCHOOL.**

23 Part A of title IV (20 U.S.C. 1070 et seq.) is amend-
24 ed by inserting after subpart 6 (20 U.S.C. 1070d–31 et
25 seq.) the following:

1 **“Subpart 7—Child Care Access Means Parents in**
2 **School**

3 **“SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN**
4 **SCHOOL.**

5 “(a) PURPOSE.—The purpose of this section is to
6 support the participation of low-income parents in post-
7 secondary education through the provision of campus-
8 based child care services.

9 “(b) PROGRAM AUTHORIZED.—

10 “(1) AUTHORITY.—The Secretary may award
11 grants to institutions of higher education to assist
12 the institutions in providing campus-based child care
13 services to low-income students.

14 “(2) AMOUNT OF GRANTS.—

15 “(A) IN GENERAL.—The amount of a
16 grant awarded to an institution of higher edu-
17 cation under this section for a fiscal year shall
18 not exceed 1 percent of the total amount of all
19 Federal Pell Grant funds awarded to students
20 enrolled at the institution of higher education
21 for the preceding fiscal year.

22 “(B) MINIMUM.—A grant under this sec-
23 tion shall be awarded in an amount that is not
24 less than \$10,000.

25 “(3) DURATION; RENEWAL; AND PAYMENTS.—

1 “(A) DURATION.—The Secretary shall
2 award a grant under this section for a period
3 of 3 years.

4 “(B) RENEWAL.—A grant under this sec-
5 tion may be renewed for a period of 3 years.

6 “(C) PAYMENTS.—Subject to subsection
7 (d)(2), the Secretary shall make annual grant
8 payments under this section.

9 “(4) ELIGIBLE INSTITUTIONS.—An institution
10 of higher education shall be eligible to receive a
11 grant under this section for a fiscal year if the total
12 amount of all Federal Pell Grant funds awarded to
13 students enrolled at the institution of higher edu-
14 cation for the preceding fiscal year equals or exceeds
15 \$350,000.

16 “(5) USE OF FUNDS.—Grant funds under this
17 section shall be used by an institution of higher edu-
18 cation to support or establish a campus-based child
19 care program serving the needs of low-income stu-
20 dents enrolled at the institution of higher education.

21 “(6) CONSTRUCTION.—Nothing in this section
22 shall be construed to prohibit an institution of high-
23 er education that receives grant funds under this
24 section from serving the child care needs of the com-
25 munity served by the institution.

1 “(7) DEFINITION OF LOW-INCOME STUDENT.—

2 For the purpose of this section, the term “low-in-
3 come student” means a student who is eligible to re-
4 ceive a Federal Pell Grant for the fiscal year for
5 which the determination is made.

6 “(c) APPLICATIONS.—An institution of higher edu-
7 cation desiring a grant under this section shall submit an
8 application to the Secretary at such time, in such manner,
9 and accompanied by such information as the Secretary
10 may require. Each application shall—

11 “(1) demonstrate that the institution is an eligi-
12 ble institution described in subsection (b)(4);

13 “(2) specify the amount of funds requested;

14 “(3) demonstrate the need of low-income stu-
15 dents at the institution for campus-based child care
16 services by including in the application student de-
17 mographics and other relevant data;

18 “(4) contain a description of the activities to be
19 assisted, including whether the grant funds will sup-
20 port an existing child care program or a new child
21 care program;

22 “(5) identify the resources the institution will
23 draw upon to support the child care program and
24 the participation of low-income students in the pro-
25 gram, such as accessing social services funding,

1 using student activity fees to help pay the costs of
2 child care, using resources obtained by meeting the
3 needs of parents who are not low-income students,
4 and accessing foundation, corporate or other institu-
5 tional support, and demonstrate that the use of the
6 resources will not result in increases in student tui-
7 tion;

8 “(6) contain an assurance that the institution
9 will meet the child care needs of low-income students
10 through the provision of services, or through a con-
11 tract for the provision of services;

12 “(7) in the case of an institution seeking assist-
13 ance for a new child care program—

14 “(A) provide a timeline, covering the pe-
15 riod from receipt of the grant through the pro-
16 vision of the child care services, delineating the
17 specific steps the institution will take to achieve
18 the goal of providing low-income students with
19 child care services;

20 “(B) specify any measures the institution
21 will take to assist low-income students with
22 child care during the period before the institu-
23 tion provides child care services; and

24 “(C) include a plan for identifying re-
25 sources needed for the child care services, in-

1 including space in which to provide child care
 2 services, and technical assistance if necessary;

3 “(8) contain an assurance that any child care
 4 facility assisted under this section will meet the ap-
 5 plicable State or local government licensing, certifi-
 6 cation, approval, or registration requirements; and

7 “(9) contain a plan for any child care facility
 8 assisted under this section to become accredited
 9 within 3 years of the date the institution first re-
 10 ceives assistance under this section.

11 “(d) REPORTING REQUIREMENTS; CONTINUING ELI-
 12 GIBILITY.—

13 “(1) REPORTING REQUIREMENTS.—

14 “(A) REPORTS.—Each institution of high-
 15 er education receiving a grant under this sec-
 16 tion shall report to the Secretary 18 months,
 17 and 36 months, after receiving the first grant
 18 payment under this section.

19 “(B) CONTENTS.—The report shall in-
 20 clude—

21 “(i) data on the population served
 22 under this section;

23 “(ii) information on campus and com-
 24 munity resources and funding used to help

1 low-income students access child care serv-
 2 ices;

3 “(iii) information on progress made
 4 toward accreditation of any child care fa-
 5 cility; and

6 “(iv) information on the impact of the
 7 grant on the quality, availability, and af-
 8 fordability of campus-based child care serv-
 9 ices.

10 “(2) CONTINUING ELIGIBILITY.—The Secretary
 11 shall make the third annual grant payment under
 12 this section to an institution of higher education
 13 only if the Secretary determines, on the basis of the
 14 18-month report submitted under paragraph (1),
 15 that the institution is making a good faith effort to
 16 ensure that low-income students at the institution
 17 have access to affordable, quality child care services.

18 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
 19 are authorized to be appropriated to carry out this section
 20 \$60,000,000 for fiscal year 1999 and such sums as may
 21 be necessary for each of the 4 succeeding fiscal years.”.

22 **PART B—FEDERAL FAMILY EDUCATION LOAN**
 23 **PROGRAM**

24 **SEC. 421. ADVANCES FOR RESERVE FUNDS.**

25 Section 422 (20 U.S.C. 1072) is amended—

1 (1) in subsection (c)—

2 (A) in paragraph (6)(B)(i), by striking
3 “written” and inserting “written, electronic”;
4 and

5 (B) in paragraph (7)(A), by striking “dur-
6 ing the transition from the Federal Family
7 Education Loan Program under this part to the
8 Federal Direct Student Loan Program under
9 part D of this title”;

10 (2) in the matter preceding subparagraph (A)
11 of subsection (g)(1), by striking “or the program au-
12 thorized by part D of this title” each place the term
13 appears; and

14 (3) by adding at the end the following:

15 “(i) ADDITIONAL RECALL OF RESERVES.—

16 “(1) IN GENERAL.—Notwithstanding any other
17 provision of law and subject to paragraph (4), the
18 Secretary shall recall \$40,000,000 for each of the
19 fiscal years 1999, 2000, 2001, 2002, and 2003 from
20 reserve funds held in the Federal Student Loan Re-
21 serve Funds established under section 422A by
22 guaranty agencies.

23 “(2) DEPOSIT.—Funds recalled by the Sec-
24 retary under this subsection shall be deposited in the
25 Treasury.

1 “(3) REQUIRED SHARE.—The Secretary shall
2 require each guaranty agency to return reserve
3 funds under paragraph (1) annually on the basis of
4 $\frac{1}{5}$ of the agency’s required share. For purposes of
5 this paragraph, a guaranty agency’s required share
6 shall be determined as follows:

7 “(A) EQUAL PERCENTAGE.—The Secretary
8 shall require each guaranty agency to return an
9 equal percentage reduction in the amount of re-
10 serve funds held by the agency on September
11 30, 1996.

12 “(B) CALCULATION.—The equal percent-
13 age reduction shall be the percentage obtained
14 by dividing—

15 “(i) \$200,000,000, by

16 “(ii) the total amount of all guaranty
17 agencies’ reserve funds held on September
18 30, 1996.

19 “(4) OFFSET OF REQUIRED SHARES.—If any
20 guaranty agency returns to the Secretary any re-
21 serve funds in excess of the amount required under
22 this subsection or subsection (h), the total amount
23 required to be returned under paragraph (1) shall be
24 reduced by the amount of such excess reserve funds
25 returned.

1 “(5) DEFINITION OF RESERVE FUNDS.—The
2 term ‘reserve funds’ when used with respect to a
3 guaranty agency—

4 “(A) includes any reserve funds in cash or
5 liquid assets held by the guaranty agency, or
6 held by, or under the control of, any other en-
7 tity; and

8 “(B) does not include buildings, equip-
9 ment, or other nonliquid assets.”.

10 **SEC. 422. FEDERAL STUDENT LOAN RESERVE FUND.**

11 Part B of title IV (20 U.S.C. 1071 et seq.) is amend-
12 ed by inserting after section 422 (20 U.S.C. 1072) the
13 following:

14 **“SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.**

15 “(a) ESTABLISHMENT.—Each guaranty agency shall,
16 not later than 45 days after the date of enactment of this
17 section, deposit all funds, securities, and other liquid as-
18 sets contained in the reserve fund established pursuant to
19 section 422 into a Federal Student Loan Reserve Fund
20 (in this section referred to as the ‘Federal Fund’), in an
21 account of a type selected by the agency, with the approval
22 of the Secretary.

23 “(b) INVESTMENT OF FUNDS.—Funds transferred to
24 the Federal Fund shall be invested in obligations issued
25 or guaranteed by the United States or a State, or in other

1 similarly low-risk securities selected by the guaranty agen-
2 cy, with the approval of the Secretary. Earnings from the
3 Federal Fund shall be the sole property of the Federal
4 Government.

5 “(c) ADDITIONAL DEPOSITS.—After the establish-
6 ment of the Federal Fund, a guaranty agency shall deposit
7 into the Federal Fund—

8 “(1) all amounts received from the Secretary as
9 payment of reinsurance on loans pursuant to section
10 428(c)(1);

11 “(2) from amounts collected on behalf of the
12 obligation of a defaulted borrower, a percentage
13 amount equal to the complement of the reinsurance
14 percentage in effect when payment under the guar-
15 anty agreement was made with respect to the de-
16 faulted loan pursuant to section 428(c)(6)(A)(i); and

17 “(3) the amount of the insurance premium col-
18 lected from borrowers pursuant to section
19 428(b)(1)(H).

20 “(d) USES OF FUNDS.—Subject to subsection (f), the
21 Federal Fund may only be used by a guaranty agency—

22 “(1) to pay lender claims pursuant to sections
23 428(b)(1)(G), 428(j), 437, and 439(q); and

1 “(2) to pay into the Agency Operating Fund es-
2 tablished pursuant to section 422B a default preven-
3 tion fee in accordance with section 428(l).

4 “(e) OWNERSHIP OF FEDERAL FUND.—The Federal
5 Fund administered by the guaranty agency, regardless of
6 who holds or controls the reserve funds or assets, and any
7 nonliquid assets that were purchased with Federal reserve
8 funds, shall be considered to be the property of the United
9 States to be used in the operation of the program author-
10 ized by this part, as provided in subsection (d). The Sec-
11 retary may direct a guaranty agency, or such agency’s of-
12 ficers or directors, to cease any activity involving expendi-
13 ture, use, or transfer of the Federal Fund administered
14 by the guaranty agency that the Secretary determines is
15 a misapplication, misuse, or improper expenditure of such
16 funds or assets.

17 “(f) TRANSITION.—

18 “(1) IN GENERAL.—In order to establish the
19 Agency Operating Fund established by section
20 422B, each agency may transfer not more than 180
21 days cash expenses for normal operating expenses,
22 as a working capital reserve as defined in Office of
23 Management and Budget Circular A–87 (Cost Ac-
24 counting Standards) for use in the performance of
25 the agency’s duties under this part. Such transfers

1 may occur during the first 3 years following the es-
2 tablishment of the Agency Operating Fund, except
3 that no agency may transfer in excess of 40 percent
4 of the Federal Fund balance to the agency's Agency
5 Operating Fund during any fiscal year. In determin-
6 ing the amount necessary for transfer, the agency
7 shall assure that sufficient funds remain in the Fed-
8 eral Fund to pay lender claims within the required
9 time periods and to meet the reserve funds recall re-
10 quirements of subsection (b).

11 “(2) REPAYMENT PROVISIONS.—Each guaranty
12 agency shall begin repayment of sums transferred
13 pursuant to this subsection not later than 3 years
14 after the establishment of the Agency Operating
15 Fund, and shall repay all sums transferred not later
16 than 5 years from the date of the establishment of
17 the Agency Operating Fund. The guaranty agency
18 shall provide to the Secretary a schedule for repay-
19 ment of the sums transferred and an annual finan-
20 cial analysis demonstrating the agency's ability to
21 comply with the schedule and repay all outstanding
22 sums transferred.

23 “(3) PROHIBITION.—If a guaranty agency
24 transfers funds from the Federal Fund in accord-
25 ance with this section, and fails to make scheduled

1 repayments to the Federal Fund, the agency may
2 not receive any other funds under this part until the
3 Secretary determines that the agency has made such
4 repayments.

5 “(4) WAIVER.—The Secretary may waive the
6 requirements of paragraph (3) for a guaranty agen-
7 cy described in such paragraph if the Secretary de-
8 termines there are extenuating circumstances beyond
9 the control of the agency that justify such a waiver.

10 “(5) INVESTMENT OF FEDERAL FUNDS.—
11 Funds transferred from the Federal Fund to the
12 Agency Operating Fund for operating expenses shall
13 be invested in obligations issued or guaranteed by
14 the United States or a State, or in other similarly
15 low-risk securities selected by the guaranty agency,
16 with the approval of the Secretary.

17 “(6) SPECIAL RULE.—In applying the minimum
18 reserve level required by section 428(c)(9)(A), the
19 Secretary shall include all amounts owed to the Fed-
20 eral Fund by the guaranty agency in the calcula-
21 tion.”.

22 **SEC. 423. AGENCY OPERATING FUND.**

23 Part B of title IV (20 U.S.C. 1071 et seq.) is amend-
24 ed further by inserting after section 422A (as added by
25 section 422) the following:

1 **“SEC. 422B. AGENCY OPERATING FUND.**

2 “(a) ESTABLISHMENT.—Each guaranty agency shall,
3 not later than 45 days after the date of enactment of this
4 section, establish a fund designated as the Agency Operat-
5 ing Fund (in this section referred to as the ‘Operating
6 Fund’).

7 “(b) INVESTMENT OF FUNDS.—Funds deposited into
8 the Operating Fund, with the exception of funds trans-
9 ferred from the Federal Student Loan Reserve Fund pur-
10 suant to section 422A(f), shall be invested at the discre-
11 tion of the guaranty agency.

12 “(c) ADDITIONAL DEPOSITS.—After the establish-
13 ment of the Operating Fund, the guaranty agency shall
14 deposit into the Operating Fund—

15 “(1) the loan processing and issuance fee paid
16 by the Secretary pursuant to section 428(f);

17 “(2) the portfolio maintenance fee paid by the
18 Secretary in accordance with section 458;

19 “(3) the default prevention fee paid in accord-
20 ance with section 428(l); and

21 “(4) amounts remaining pursuant to section
22 428(c)(6)(A)(ii) from collection on defaulted loans
23 held by the agency, after payment of the Secretary’s
24 equitable share, excluding amounts deposited in the
25 Federal Student Loan Reserve Fund pursuant to
26 section 422A(c)(2).

1 “(d) USES OF FUNDS.—

2 “(1) IN GENERAL.—Funds in the Operating
3 Fund shall be used for application processing, loan
4 disbursement, enrollment and repayment status
5 management, default prevention activities (including
6 those described in section 422(h)(8), default collec-
7 tion activities, school and lender training, compliance
8 monitoring, and other student financial aid related
9 activities as determined by the Secretary.

10 “(2) SPECIAL RULE.—The guaranty agency
11 may, in the agency’s discretion, transfer funds from
12 the Operating Fund to the Federal Student Loan
13 Reserve Fund for use pursuant to section 422A.
14 Such transfer shall be irrevocable, and any funds so
15 transferred shall become the sole property of the
16 United States.

17 “(3) DEFINITIONS.—For purposes of this sub-
18 section:

19 “(A) DEFAULT COLLECTION ACTIVITIES.—
20 The term ‘default collection activities’ means
21 activities of a guaranty agency that are directly
22 related to the collection of the loan on which a
23 default claim has been paid to the participating
24 lender, including the attributable compensation
25 of collection personnel (and in the case of per-

1 sonnel who perform several functions for such
2 an agency only the portion of the compensation
3 attributable to the collection activity), attor-
4 ney’s fees, fees paid to collection agencies, post-
5 age, equipment, supplies, telephone, and similar
6 charges.

7 “(B) DEFAULT PREVENTION ACTIVI-
8 TIES.—The term ‘default prevention activities’
9 means activities of a guaranty agency, including
10 those described in section 422(h)(8), that are
11 directly related to providing collection assist-
12 ance to the lender on a delinquent loan, prior
13 to the loan’s being in a default status, including
14 the attributable compensation of appropriate
15 personnel (and in the case of personnel who
16 perform several functions for such an agency
17 only the portion of compensation attributable to
18 the default prevention activity), fees paid to lo-
19 cate a missing borrower, postage, equipment,
20 supplies, telephone, and similar charges.

21 “(C) ENROLLMENT AND REPAYMENT STA-
22 TUS MANAGEMENT.—The term ‘enrollment and
23 repayment status management’ means activities
24 of a guaranty agency that are directly related
25 to ascertaining the student’s enrollment status,

1 including prompt notification to the lender of
2 such status, an audit of the note or written
3 agreement to determine if the provisions of that
4 note or agreement are consistent with the
5 records of the guaranty agency as to the prin-
6 cipal amount of the loan guaranteed, and an ex-
7 amination of the note or agreement to assure
8 that the repayment provisions are consistent
9 with the provisions of this title.

10 “(e) OWNERSHIP OF OPERATING FUND.—The Oper-
11 ating Fund, with the exception of funds transferred from
12 the Federal Student Loan Reserve Fund in accordance
13 with section 422A(f), shall be considered to be the prop-
14 erty of the guaranty agency. The Secretary may not regu-
15 late the uses or expenditure of moneys in the Operating
16 Fund, but the Secretary may require such necessary re-
17 ports and audits as provided in section 428(b)(2). How-
18 ever, during any period in which funds are owed to the
19 Federal Student Loan Reserve Fund as a result of trans-
20 fer under 422A(f), moneys in the Operating Fund may
21 only be used for expenses related to the student loan pro-
22 grams authorized under this part.

23 “(f) AUTHORITY OF SECRETARY TO DISPOSE OF
24 NONLIQUID ASSETS.—The Secretary may allow a guar-
25 anty agency to purchase nonliquid assets of the agency

1 originally acquired with student loan reserve funds, except
 2 that an agency may not purchase any nonliquid assets
 3 during any period in which funds are owed to the Federal
 4 Student Loan Reserve Fund as a result of a transfer
 5 under section 422A(f). The purchase amount shall be
 6 available for expenditure under section 458.”.

7 **SEC. 424. APPLICABLE INTEREST RATES.**

8 (a) APPLICABLE INTEREST RATES.—

9 (1) AMENDMENT.—Section 427A (20 U.S.C.
 10 1077a et seq.) is amended to read as follows:

11 **“SEC. 427A. APPLICABLE INTEREST RATES.**

12 “(a) INTEREST RATES FOR NEW LOANS ON OR
 13 AFTER JULY 1, 1998.—

14 “(1) IN GENERAL.—Subject to paragraph (2),
 15 with respect to any loan made, insured, or guaran-
 16 teed under this part (other than a loan made pursu-
 17 ant to section 428B or 428C) for which the first dis-
 18 bursement is made on or after July 1, 1998, the ap-
 19 plicable rate of interest shall, during any 12-month
 20 period beginning on July 1 and ending on June 30,
 21 be determined on the preceding June 1 and be equal
 22 to—

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

1 “(B) 2.3 percent,
2 except that such rate shall not exceed 8.25 percent.

3 “(2) IN SCHOOL AND GRACE PERIOD RULES.—
4 With respect to any loan under this part (other than
5 a loan made pursuant to section 428B or 428C) for
6 which the first disbursement is made on or after
7 July 1, 1998, the applicable rate of interest for in-
8 terest which accrues—

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

11 “(B) during the period in which principal
12 need not be paid (whether or not such principal
13 is in fact paid) by reason of a provision de-
14 scribed in section 428(b)(1)(M) or
15 427(a)(2)(C),

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

18 “(3) PLUS LOANS.—With respect to any loan
19 under section 428B for which the first disbursement
20 is made on or after July 1, 1998, the applicable rate
21 of interest shall be determined under paragraph
22 (1)—

23 “(A) by substituting ‘3.1 percent’ for ‘2.3
24 percent’; and

1 “(B) by substituting ‘9.0 percent’ for ‘8.25
2 percent’.

3 “(b) LESSER RATES PERMITTED.—Nothing in this
4 section or section 428C shall be construed to prohibit a
5 lender from charging a borrower interest at a rate less
6 than the rate which is applicable under this part.

7 “(c) CONSULTATION.—The Secretary shall determine
8 the applicable rate of interest under this section after con-
9 sultation with the Secretary of the Treasury and shall
10 publish such rate in the Federal Register as soon as prac-
11 ticable after the date of determination.”.

12 (2) CONFORMING AMENDMENT.—Section
13 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by
14 striking “section 427A(c)” and inserting “section
15 427A(a)(3)”.

16 (b) SPECIAL ALLOWANCES.—

17 (1) AMENDMENT.—Section 438(b)(2)(F) (20
18 U.S.C. 1087–1(b)(2)(F)) is amended to read as fol-
19 lows:

20 “(F) LOANS DISBURSED AFTER JULY 1, 1998.—

21 “(i) IN GENERAL.—Subject to paragraph
22 (4) and clauses (ii), (iii), and (iv) of this sub-
23 paragraph, the special allowance paid pursuant
24 to this subsection on loans for which the first

1 disbursement is made on or after July 1, 1998,
2 shall be computed—

3 “(I) by determining the average of the
4 bond equivalent rates of 91-day Treasury
5 bills auctioned for such 3-month period;

6 “(II) by subtracting the applicable in-
7 terest rates on such loans from such aver-
8 age bond equivalent rate;

9 “(III) by adding 2.8 percent to the re-
10 sultant percent; and

11 “(IV) by dividing the resultant per-
12 cent by 4.

13 “(ii) IN SCHOOL AND GRACE PERIOD.—In
14 the case of any loan for which the first dis-
15 bursement is made on or after July 1, 1998,
16 and for which the applicable rate of interest is
17 described in section 427A(a)(2), clause (i)(III)
18 of this subparagraph shall be applied by sub-
19 stituting ‘2.2 percent’ for ‘2.8 percent’.

20 “(iii) PLUS LOANS.—In the case of any
21 loan for which the first disbursement is made
22 on or after July 1, 1998, and for which the ap-
23 plicable rate of interest is described in section
24 427A(a)(3), clause (i)(III) of this subparagraph
25 shall be applied by substituting ‘3.1 percent’ for

1 (i) in clause (i), by striking subclauses
2 (I), (II), and (III) and inserting the follow-
3 ing:

4 “(I) sets forth the loan amount for
5 which the student shows financial need;
6 and

7 “(II) sets forth a schedule for dis-
8 bursement of the proceeds of the loan in
9 installments, consistent with the require-
10 ments of section 428G; and”; and

11 (ii) by amending clause (ii) to read as
12 follows:

13 “(ii) meets the requirements of subpara-
14 graph (B); and”;

15 (B) by amending subparagraph (B) to read
16 as follows:

17 “(B) For the purpose of clause (ii) of subpara-
18 graph (A), a student shall qualify for a portion of
19 an interest payment under paragraph (1) (and a
20 loan amount pursuant to section 428H) if the eligi-
21 ble institution has determined and documented the
22 student’s amount of need for a loan based on the
23 student’s estimated cost of attendance, estimated fi-
24 nancial assistance, and, for the purpose of an inter-
25 est payment pursuant to this section, the expected

1 family contribution (as determined under part F),
2 subject to the provisions of subparagraph (D).”; and

3 (C) by amending subparagraph (C) to read

4 as follows:

5 “(C) For the purpose of subparagraph (B) and
6 this paragraph—

7 “(i) a student’s cost of attendance shall be
8 determined under section 472;

9 “(ii) a student’s estimated financial assist-
10 ance means, for the period for which the loan
11 is sought, the amount of assistance such stu-
12 dent will receive under subpart 1 of part A (as
13 determined in accordance with section 484(b)),
14 subpart 3 of part A, parts C and E, and any
15 veterans’ education benefits paid because of en-
16 rollment in a postsecondary education institu-
17 tion, including veterans’ education benefits (as
18 defined in section 480(c)), plus other scholar-
19 ship, grant, or loan assistance; and

20 “(iii) the determination of need and of the
21 amount of a loan by an eligible institution
22 under subparagraph (B) with respect to a stu-
23 dent shall, with the exception of loans made
24 under section 428H, be calculated in accord-
25 ance with part F.”; and

1 (2) in paragraph (3)(A)(v)—

2 (A) in subclause (I), by inserting “by the
3 institution” after “disbursement”; and

4 (B) in clause (II), by inserting “by the in-
5 stitution” after “disbursement”.

6 (b) INSURANCE PROGRAM AGREEMENTS.—Section
7 428(b) (20 U.S.C. 1078(b)) is amended—

8 (1) in paragraph (1)—

9 (A) in subparagraph (A)—

10 (i) in the matter preceding clause (i),
11 by inserting “, as defined in section
12 481(d)(2),” after “academic year”;

13 (ii) in clause (iv), by striking “and”
14 after the semicolon;

15 (iii) in clause (v), by inserting “and”
16 after the semicolon; and

17 (iv) by inserting before the matter fol-
18 lowing clause (v) the following:

19 “(vi) in the case of a student enrolled
20 in coursework specified in sections
21 484(b)(3)(B) and 484(b)(4)(B)—

22 “(I) \$2,625 for coursework nec-
23 essary for enrollment in an under-
24 graduate degree or certificate pro-
25 gram, and \$5,500 for coursework nec-

1 essary for enrollment in a graduate or
2 professional degree or certification
3 program; and

4 “(II) \$5,500 for coursework nec-
5 essary for a professional credential or
6 certification from a State required for
7 employment as a teacher in an ele-
8 mentary or secondary school;”;

9 (B) by amending subparagraph (E) to read
10 as follows:

11 “(E) subject to subparagraphs (D) and
12 (L), and except as provided by subparagraph
13 (M), provides that—

14 “(i) not more than 6 months prior to
15 the date on which the borrower’s first pay-
16 ment is due, the lender shall offer the bor-
17 rower of a loan made, insured, or guaran-
18 teed under this section or section 428H,
19 the option of repaying the loan in accord-
20 ance with a graduated, income-sensitive, or
21 extended repayment schedule (as described
22 in paragraph (9)) established by the lender
23 in accordance with regulations provided by
24 the Secretary; and

1 “(ii) repayment of loans shall be in in-
2 stallments in accordance with the repay-
3 ment plan selected under paragraph (9)
4 and commencing at the beginning of the
5 repayment period determined under para-
6 graph (7)”;

7 (C) in subparagraph (L)(i), by inserting
8 “except as otherwise provided by a repayment
9 plan selected by the borrower under clause (ii)
10 or (iii) of paragraph (9)(A),” before “during
11 any”; and

12 (D) in subparagraph (U)(iii)(I), by insert-
13 ing “that originates or holds more than
14 \$5,000,000 in loans made under this title for
15 any fiscal year,” before “at least once a year”;
16 and

17 (2) by adding at the end the following:

18 “(9) REPAYMENT PLANS.—

19 “(A) DESIGN AND SELECTION.—In accord-
20 ance with regulations promulgated by the Sec-
21 retary, the lender shall offer a borrower of a
22 loan made under this part the plans described
23 in this subparagraph for repayment of such
24 loan, including principal and interest thereon.

25 Except as provided in paragraph (1)(L)(i), no

1 plan may require a borrower to repay a loan in
2 less than 5 years. The borrower may choose
3 from—

4 “(i) a standard repayment plan, with
5 a fixed annual repayment amount paid
6 over a fixed period of time, not to exceed
7 10 years;

8 “(ii) a graduated repayment plan paid
9 over a fixed period of time, not to exceed
10 10 years;

11 “(iii) an income-sensitive repayment
12 plan, with income-sensitive repayment
13 amounts paid over a fixed period of time,
14 not to exceed 10 years, except that the
15 borrower’s scheduled payments shall not be
16 less than the amount of interest due; and

17 “(iv) for first-time borrowers on or
18 after the date of enactment of the Higher
19 Education Amendments of 1998 with out-
20 standing loans under this part totaling
21 more than \$30,000, an extended repay-
22 ment plan, with a fixed annual or grad-
23 uated repayment amount paid over an ex-
24 tended period of time, not to exceed 25
25 years, except that the borrower shall repay

1 annually a minimum amount determined in
2 accordance with paragraph (2)(L).

3 “(B) LENDER SELECTION OF OPTION IF
4 BORROWER DOES NOT SELECT.—If a borrower
5 of a loan made under this part does not select
6 a repayment plan described in subparagraph
7 (A), the lender shall provide the borrower with
8 a repayment plan described in subparagraph
9 (A)(i).

10 “(C) CHANGES IN SELECTION.—The bor-
11 rower of a loan made under this part may
12 change the borrower’s selection of a repayment
13 plan under subparagraph (B), as the case may
14 be, under such conditions as may be prescribed
15 by the Secretary in regulation.

16 “(D) ACCELERATION PERMITTED.—Under
17 any of the plans described in this paragraph,
18 the borrower shall be entitled to accelerate,
19 without penalty, repayment on the borrower’s
20 loans under this part.”.

21 (c) GUARANTY AGREEMENTS FOR REIMBURSING
22 LOSSES.—Section 428(c) (20 U.S.C. 1078(c)) is amend-
23 ed—

24 (1) in paragraph (1)—

1 (A) in the fourth sentence of subparagraph
2 (A), by striking “as reimbursement under this
3 subsection shall be equal to 98 percent” and in-
4 sserting “as reimbursement for loans for which
5 the first disbursement is made on or after the
6 date of enactment of the Higher Education
7 Amendments of 1998 shall be equal to 95 per-
8 cent”;

9 (B) in subparagraph (B)—

10 (i) in clause (i), by striking “88 per-
11 cent of the amount of such excess” and in-
12 sserting “85 percent of the amount of such
13 excess for loans for which the first dis-
14 bursement is made on or after the date of
15 enactment of the Higher Education
16 Amendments of 1998”; and

17 (ii) in clause (ii), by striking “78 per-
18 cent of the amount of such excess” and in-
19 sserting “75 percent of the amount of such
20 excess for loans for which the first dis-
21 bursement is made on or after the date of
22 enactment of the Higher Education
23 Amendments of 1998”;

24 (C) in subparagraph (E)—

1 (i) in clause (i), by striking “98 per-
2 cent” and inserting “95 percent”;

3 (ii) in clause (ii), by striking “88 per-
4 cent” and inserting “85 percent”; and

5 (iii) in clause (iii), by striking “78
6 percent” and inserting “75 percent”; and

7 (D) in subparagraph (F)—

8 (i) in clause (i), by striking “98 per-
9 cent” and inserting “95 percent”; and

10 (ii) in clause (ii), by striking “88 per-
11 cent” and inserting “85 percent”;

12 (2) in paragraph (3)—

13 (A) in subparagraph (A)(i), by inserting
14 “or electronic” after “written”;

15 (B) in subparagraph (B), by striking
16 “and” after the semicolon;

17 (C) in subparagraph (C), by striking the
18 period and inserting “; and”; and

19 (D) by inserting before the matter follow-
20 ing subparagraph (C) the following:

21 “(D) shall contain provisions that specify
22 that forbearance for a period not to exceed 60
23 days may be granted if the lender determines
24 that such a suspension of collection activity is
25 warranted following a borrower’s request for

1 forbearance in order to collect or process appro-
2 priate supporting documentation related to the
3 request, and that during such period interest
4 shall not be capitalized.”;

5 (3) by amending paragraph (6) to read as fol-
6 lows:

7 “(6) SECRETARY’S EQUITABLE SHARE.—For
8 the purpose of paragraph (2)(D), the Secretary’s eq-
9 uitable share of payments made by the borrower
10 shall be that portion of the payments remaining
11 after the guaranty agency with which the Secretary
12 has an agreement under this subsection has de-
13 ducted from such payments—

14 “(A) a percentage amount equal to the
15 complement of the reinsurance percentage in ef-
16 fect when payment in effect when payment
17 under the guaranty agreement was made with
18 respect to the loan; and

19 “(B) an amount equal to 24 percent of
20 such payments for use in accordance with sec-
21 tion 422B.”;

22 (4) in paragraph (8)—

23 (A) by striking “(A) If” and inserting
24 “if”; and

25 (B) by striking subparagraph (B); and

1 (5) in paragraph (9)—

2 (A) in subparagraph (A), by striking
3 “maintain a current minimum reserve level of
4 at least .5 percent” and inserting “maintain in
5 the agency’s Federal Student Loan Reserve
6 Fund established under section 422A a current
7 minimum reserve level of at least 0.25 percent”;

8 (B) in subparagraph (C)—

9 (i) by striking “80 percent” and in-
10 sserting “78 percent”;

11 (ii) by striking “, as appropriate,”;

12 and

13 (iii) by striking “30 working” and in-
14 sserting “45 working”;

15 (C) in subparagraph (E)—

16 (i) in clause (iv), by inserting “or”
17 after the semicolon;

18 (ii) in clause (v), by striking “; or”
19 and inserting a period; and

20 (iii) by striking clause (vi);

21 (D) in subparagraph (F), by amending
22 clause (vii) to read as follows:

23 “(vii) take any other action the Secretary
24 determines necessary to avoid disruption of the
25 student loan program, to ensure the continued

1 availability of loans made under this part to
2 residents of each State in which the guaranty
3 agency did business, to ensure the full honoring
4 of all guarantees issued by the guaranty agency
5 prior to the Secretary's assumption of the func-
6 tions of such agency, and to ensure the proper
7 servicing of loans guaranteed by the guaranty
8 agency prior to the Secretary's assumption of
9 the functions of such agency.”; and

10 (E) in subparagraph (K), by striking “and
11 the progress of the transition from the loan
12 programs under this part to the direct student
13 loan programs under part D of this title”.

14 (d) PAYMENT FOR LENDER REFERRAL SERVICES.—

15 Subsection (e) of section 428 (20 U.S.C. 1078) is re-
16 pealed.

17 (e) PAYMENT OF CERTAIN COSTS.—Subsection (f) of
18 section 428 (20 U.S.C. 1078) is amended to read as fol-
19 lows:

20 “(f) PAYMENTS OF CERTAIN COSTS.—

21 “(1) PAYMENT FOR CERTAIN ACTIVITIES.—

22 “(A) IN GENERAL.—The Secretary, for
23 loans originated on or after October 1, 1998,
24 and in accordance with the provisions of this
25 paragraph, shall pay to each guaranty agency,

1 a loan processing and issuance fee equal to 0.65
2 percent of the total principal amount of the
3 loans on which insurance was issued under this
4 part during such fiscal year by such agency.

5 “(B) PAYMENT.—The payment required
6 by subparagraph (A) shall be paid on a quar-
7 terly basis. The guaranty agency shall be
8 deemed to have a contractual right against the
9 United States to receive payments according to
10 the provisions of this subparagraph. Payments
11 shall be made promptly and without administra-
12 tive delay to any guaranty agency submitting
13 an accurate and complete application therefore
14 under this subparagraph.”.

15 (f) LENDERS-OF-LAST-RESORT.—Paragraph (3) of
16 section 428(j) (20 U.S.C. 1078(j)) is amended—

17 (1) in the paragraph heading, by striking “DUR-
18 ING TRANSITION TO DIRECT LENDING”; and

19 (2) in subparagraph (A), by striking “during
20 the transition from the Federal Family Education
21 Loan Program under this part to the Federal Direct
22 Student Loan Program under part D of this title”;

23 (g) DEFAULT AVERSION ASSISTANCE.—Subsection
24 (l) of section 428 (20 U.S.C. 1078) is amended to read
25 as follows:

1 “(1) DEFAULT AVERSION ASSISTANCE.—

2 “(1) ASSISTANCE REQUIRED.—Upon receipt of
3 a proper request from the lender not earlier than the
4 60th nor later than the 90th day of delinquency, a
5 guaranty agency having an agreement with the Sec-
6 retary under subsection (c) shall engage in default
7 aversion activities designed to prevent the default by
8 a borrower on a loan covered by such agreement.

9 “(2) DEFAULT PREVENTION FEE REQUIRED.—

10 “(A) IN GENERAL.—A guaranty agency, in
11 accordance with the provisions of this para-
12 graph, may transfer from the Federal Student
13 Loan Reserve Fund to the Agency Operating
14 Fund a default prevention fee. Such fee shall be
15 paid for any loan on which a claim for default
16 has not been presented that the guaranty agen-
17 cy successfully brings into current repayment
18 status on or before the 210th day after the loan
19 becomes 60 days delinquent.

20 “(B) AMOUNT.—The default prevention
21 fee shall be equal to 1 percent of the total un-
22 paid principal and accrued interest on the loan
23 calculated at the time the request is submitted
24 by the lender. Such fee shall not be paid more
25 than once on any loan for which the guaranty

1 agency averts the default unless the borrower
 2 remained current in payments for at least 24
 3 months prior to the subsequent delinquency. A
 4 guaranty agency may transfer such fees earned
 5 under this subsection not more frequently than
 6 monthly.

7 “(C) DEFINITION OF CURRENT REPAY-
 8 MENT STATUS.—For the purpose of this para-
 9 graph, the term ‘current repayment status’
 10 means that the borrower is not delinquent, in
 11 any respect, in the payment of principal and in-
 12 terest on the loan at the time the guaranty
 13 agency qualifies for the default prevention fee.”.

14 (h) STATE SHARE OF DEFAULT COSTS.—Subsection
 15 (n) of section 428 (20 U.S.C. 1078) is repealed.

16 **SEC. 426. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUAR-**
 17 **ANTY AGENCIES.**

18 Part B of title IV (20 U.S.C. 1071 et seq.) is amend-
 19 ed by inserting after section 428 (20 U.S.C. 1078) the
 20 following:

21 **“SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH**
 22 **GUARANTY AGENCIES.**

23 “(a) VOLUNTARY AGREEMENTS.—

24 “(1) AUTHORITY.—The Secretary may enter
 25 into a voluntary, flexible agreement, subject to para-

1 graph (2), with guaranty agencies under this sec-
2 tion, in lieu of agreements with a guaranty agency
3 under subsections (b) and (c) of section 428. The
4 Secretary may waive or modify any requirement
5 under such subsections, except that the Secretary
6 may not waive any statutory requirement pertaining
7 to the terms and conditions attached to student
8 loans, default claim payments made to lenders, or
9 the prohibitions on inducements contained in section
10 428(b)(3).

11 “(2) ELIGIBILITY.—During fiscal years 1999,
12 2000, and 2001, the Secretary may enter into a vol-
13 untary, flexible agreement with not more than 6
14 guaranty agencies that had 1 or more agreements
15 with the Secretary under subsections (b) and (c) of
16 section 428 as of the day before the date of enact-
17 ment of the Higher Education Amendments of 1998.
18 Beginning in fiscal year 2002, any guaranty agency
19 or consortium thereof may enter into a similar
20 agreement with the Secretary.

21 “(3) REPORT REQUIRED.—Not later than Sep-
22 tember 30, 2001, the Secretary shall report to the
23 Committee on Labor and Human Resources of the
24 Senate and the Committee on Education and the
25 Workforce of the House of Representatives regard-

1 ing the impact that the voluntary flexible agree-
2 ments have had upon program integrity, program
3 and cost efficiencies, and the availability and deliv-
4 ery of student financial aid. Such report shall in-
5 clude—

6 “(A) a description of each voluntary flexi-
7 ble agreement and the performance goals estab-
8 lished by the Secretary for each agreement;

9 “(B) a list of participating guaranty agen-
10 cies and the specific statutory or regulatory
11 waivers provided to each guaranty agency;

12 “(C) a description of the standards by
13 which each agency’s performance under the
14 agency’s voluntary flexible agreement was as-
15 sessed and the degree to which each agency
16 achieved the performance standards; and

17 “(D) an analysis of the fees paid by the
18 Secretary, and the costs and efficiencies
19 achieved under each voluntary agreement.

20 “(b) TERMS OF AGREEMENT.—An agreement be-
21 tween the Secretary and a guaranty agency under this sec-
22 tion—

23 “(1) shall be developed by the Secretary, in con-
24 sultation with the guaranty agency, on a case-by-
25 case basis;

1 “(2) may be secured by the parties;

2 “(3) may include provisions—

3 “(A) specifying the responsibilities of the
4 guaranty agency under the agreement, such
5 as—

6 “(i) administering the issuance of in-
7 surance on loans made under this part on
8 behalf of the Secretary;

9 “(ii) monitoring insurance commit-
10 ments made under this part;

11 “(iii) default aversion activities;

12 “(iv) review of default claims made by
13 lenders;

14 “(v) payment of default claims;

15 “(vi) collection of defaulted loans;

16 “(vii) adoption of internal systems of
17 accounting and auditing that are accept-
18 able to the Secretary, and reporting the re-
19 sult thereof to the Secretary in a timely
20 manner, and on an accurate, and auditable
21 basis;

22 “(viii) timely and accurate collection
23 and reporting of such other data as the
24 Secretary may require to carry out the
25 purposes of the programs under this title;

1 “(ix) monitoring of institutions and
2 lenders participating in the program under
3 this part;

4 “(x) the performance of other pro-
5 gram functions by the guaranty agency or
6 the agency’s affiliates; and

7 “(xi) informational outreach to
8 schools and students in support of access
9 to higher education;

10 “(B) regarding the fees the Secretary shall
11 pay, in lieu of revenues that the guaranty agen-
12 cy may otherwise receive under this part, to the
13 guaranty agency under the agreement, and
14 other funds that the guaranty agency may re-
15 ceive or retain under the agreement, except that
16 in no case may the cost to the Secretary of the
17 agreement, as reasonably projected by the Sec-
18 retary, exceed the cost to the Secretary, as
19 similarly projected, in the absence of the agree-
20 ment;

21 “(C) regarding the use of net revenues, as
22 described in the agreement under this section,
23 for such other activities in support of post-
24 secondary education as may be agreed to by the
25 Secretary and the guaranty agency;

1 “(D) regarding the standards by which the
2 guaranty agency’s performance of the agency’s
3 responsibilities under the agreement will be as-
4 sessed, and the consequences for a guaranty
5 agency’s failure to achieve a specified level of
6 performance on one or more performance
7 standards;

8 “(E) regarding the circumstances in which
9 a guaranty agency’s agreement under this sec-
10 tion may be ended in advance of the agency’s
11 expiration date;

12 “(F) regarding such other businesses, pre-
13 viously purchased or developed with reserve
14 funds, that relate to the program under this
15 part and in which the Secretary permits the
16 guaranty agency to engage; and

17 “(G) such other provisions as the Sec-
18 retary may determine to be necessary to protect
19 the United States from the risk of unreasonable
20 loss and to promote the purposes of this part;
21 and

22 “(4) shall provide for uniform lender participa-
23 tion with the guaranty agency under the terms of
24 the agreement.

1 “(c) TERMINATION.—At the expiration or early ter-
2 mination of an agreement under this section, the Sec-
3 retary shall reinstate the guaranty agency’s prior agree-
4 ments under subsections (b) and (c) of section 428, sub-
5 ject only to such additional requirements as the Secretary
6 determines to be necessary in order to ensure the efficient
7 transfer of responsibilities between the agreement under
8 this section and the agreements under subsections (b) and
9 (c) of section 428, and including the guaranty agency’s
10 compliance with reserve requirements under sections 422
11 and 428.”.

12 **SEC. 427. FEDERAL PLUS LOANS.**

13 Section 428B (20 U.S.C. 1078–2) is amended—

14 (1) by amending subsection (a) to read as fol-
15 lows:

16 “(a) AUTHORITY TO BORROW.—

17 “(1) AUTHORITY AND ELIGIBILITY.—Parents of
18 a dependent student shall be eligible to borrow funds
19 under this section in amounts specified in subsection
20 (b), if—

21 “(A) the parents do not have an adverse
22 credit history as determined pursuant to regula-
23 tions promulgated by the Secretary; and

24 “(B) the parents meet such other eligibility
25 criteria as the Secretary may establish by regu-

1 lation, after consultation with guaranty agen-
2 cies, eligible lenders, and other organizations in-
3 volved in student financial assistance.

4 “(2) TERMS, CONDITIONS, AND BENEFITS.—
5 Except as provided in subsections (c), (d), and (e),
6 loans made under this section shall have the same
7 terms, conditions, and benefits as all other loans
8 made under this part.

9 “(3) SPECIAL RULE.—Whenever necessary to
10 carry out the provisions of this section, the terms
11 “student” and “borrower” as used in this part shall
12 include a parent borrower under this section.”; and

13 (2) by adding at the end the following:

14 “(f) VERIFICATION OF IMMIGRATION STATUS AND
15 SOCIAL SECURITY NUMBER.—A parent who wishes to
16 borrow funds under this section shall be subject to ver-
17 ification of the parent’s—

18 “(1) immigration status in the same manner as
19 immigration status is verified for students under
20 section 484(g); and

21 “(2) social security number in the same manner
22 as social security numbers are verified for students
23 under section 484(p).”.

1 **SEC. 428. FEDERAL CONSOLIDATION LOANS.**

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

4 (1) by amending subparagraph (A) to read as
5 follows: “(A) For the purpose of this section, the
6 term ‘eligible borrower’ means a borrower who—

7 “(i) is not subject to a judgment secured
8 through litigation or an order for wage garnish-
9 ment under section 488A; or

10 “(ii) at the time of application for a con-
11 solidation loan—

12 “(I) is in repayment status;

13 “(II) is in a grace period preceding
14 repayment; or

15 “(III) is a defaulted borrower who has
16 made arrangements to repay the obligation
17 on the defaulted loans satisfactory to the
18 holders of the defaulted loans.”; and

19 (2) in subparagraph (B)(i)—

20 (A) in subclause (I), by striking “and”
21 after the semicolon;

22 (B) by redesignating subclause (II) as sub-
23 clause (III);

24 (C) by inserting after subclause (I) the fol-
25 lowing:

1 “(II) with respect to eligible student loans
 2 received prior to the date of consolidation that
 3 the borrower may wish to include with eligible
 4 loans specified in subclause (I) in a later con-
 5 solidation loan; and”;

6 (D) in subclause (III) (as redesignated by
 7 subparagraph (B)—

8 (i) by striking “that loans” and in-
 9 serting “with respect to loans”; and

10 (ii) by inserting “that” before “may
 11 be added”.

12 **SEC. 429. REQUIREMENTS FOR DISBURSEMENTS OF STU-**
 13 **DENT LOANS.**

14 Section 428G (20 U.S.C. 1078G) is amended—

15 (1) in subsection (a)(1), by striking “The pro-
 16 ceeds” and inserting “Except for a loan made for
 17 the final period of enrollment, that is less than an
 18 academic year, in a student’s baccalaureate program
 19 of study, at an institution with a cohort default rate
 20 (as calculated under section 435(m)) that is 5 per-
 21 cent or less, the proceeds”; and

22 (2) in subsection (b)(1), by striking “The first”
 23 and inserting “Except for a loan made to a student
 24 borrower entering an institution with a cohort de-

1 fault rate (as calculated under section 435(m)) of
2 less than 5 percent, the first”.

3 **SEC. 430. DEFAULT REDUCTION PROGRAM.**

4 The heading for subsection (b) of section 428F (20
5 U.S.C. 1078–6) is amended by striking “SPECIAL RULE”
6 and inserting “SATISFACTORY REPAYMENT ARRANGE-
7 MENTS TO RENEW ELIGIBILITY”.

8 **SEC. 431. UNSUBSIDIZED LOANS.**

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

10 (1) by amending subsection (b) to read as fol-
11 lows:

12 “(b) **ELIGIBLE BORROWERS.**—Any student meeting
13 the requirements for student eligibility under section 484
14 (including graduate and professional students as defined
15 in regulations promulgated by the Secretary) shall be enti-
16 tled to borrow an unsubsidized Stafford loan if the eligible
17 institution at which the student has been accepted for en-
18 rollment, or at which the student is in attendance, has—

19 “(1) determined and documented the student’s
20 need for the loan based on the student’s estimated
21 cost of attendance (as determined under section
22 472) and the student’s estimated financial assist-
23 ance, including a loan which qualifies for interest
24 subsidy payments under section 428; and

25 “(2) provided the lender a statement—

1 “(A) certifying the eligibility of the student
2 to receive a loan under this section and the
3 amount of the loan for which such student is el-
4 igible, in accordance with subsection (c); and

5 “(B) setting forth a schedule for disburse-
6 ment of the proceeds of the loan in install-
7 ments, consistent with the requirements of sec-
8 tion 428G.”;

9 (2) in subsection (d)—

10 (A) in paragraph (2)—

11 (i) in the matter preceding subpara-
12 graph (A)—

13 (I) by inserting “, as defined in
14 section 481(d)(2),” after “academic
15 year”; and

16 (II) by striking “or in any period
17 of 7 consecutive months, whichever is
18 longer,”;

19 (ii) in subparagraph (C), by inserting
20 “and” after the semicolon; and

21 (iii) by inserting before the matter fol-
22 lowing subparagraph (C) the following:

23 “(D) in the case of a student enrolled in
24 coursework specified in sections 484(b)(3)(B)
25 and 484(b)(4)(B)—

1 “(i) \$4,000 for coursework necessary
2 for enrollment in an undergraduate degree
3 or certificate program, and \$5,000 for
4 coursework necessary for enrollment in a
5 graduate or professional program; and

6 “(ii) \$5,000 for coursework necessary
7 for a professional credential or certification
8 from a State required for employment as a
9 teacher in an elementary or secondary
10 school;” and

11 (B) in paragraph (3), by adding at the end
12 the following: “The maximum aggregate
13 amount shall not include interest capitalized
14 from an in-school period.”; and

15 (3) in subsection (e)(6), by striking “10 year
16 repayment period under section 428(b)(1)(D)” and
17 inserting “repayment period under section
18 428(b)(9)”.

19 **SEC. 432. LOAN FORGIVENESS FOR TEACHERS.**

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

22 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.**

23 “(a) STATEMENT OF PURPOSE.—It is the purpose of
24 this section to encourage individuals to enter and continue
25 in the teaching profession.

1 “(b) PROGRAM AUTHORIZED.—The Secretary is au-
2 thORIZED to carry out a program, through the holder of
3 the loan, of assuming the obligation to repay a loan made
4 under section 428 that is eligible for interest subsidy, for
5 any new borrower on or after the date of enactment of
6 the Higher Education Amendments of 1998, who—

7 “(1) has been employed as a full-time teacher
8 for 3 consecutive complete school years—

9 “(A) in a school that qualifies under sec-
10 tion 465(a)(2)(A) for loan cancellation for Per-
11 kins loan recipients who teach in such schools;

12 “(B) if employed as a secondary school
13 teacher, is teaching a subject area that is rel-
14 evant to the borrower’s academic major as cer-
15 tified by the chief administrative officer of the
16 public or nonprofit private secondary school in
17 which the borrower is employed; and

18 “(C) if employed as an elementary school
19 teacher, has demonstrated, in accordance with
20 State teacher certification or licensing require-
21 ments and as certified by the chief administra-
22 tive officer of the public or nonprofit private el-
23 elementary school in which the borrower is em-
24 ployed, knowledge and teaching skills in read-

1 ing, writing, mathematics and other areas of
2 the elementary school curriculum; and

3 “(2) is not in default on a loan for which the
4 borrower seeks forgiveness.

5 “(c) REGULATIONS.—The Secretary is authorized to
6 issue such regulations as may be necessary to carry out
7 the provisions of this section.

8 “(d) LOAN REPAYMENT DURING CONTINUING
9 TEACHING SERVICE.—

10 “(1) IN GENERAL.—The Secretary shall assume
11 the obligation to repay through reimbursement to
12 the holder—

13 “(A) 30 percent of the total outstanding
14 amount and applicable interest of subsidized
15 Federal Stafford loans owed by the student bor-
16 rower after the completion of the fourth or fifth
17 complete school year of service described in sub-
18 section (b);

19 “(B) 40 percent of such total amount after
20 the completion of the sixth complete school year
21 of such service; and

22 “(C) a total amount for any borrower that
23 shall not exceed \$10,000.

1 “(2) CONSTRUCTION.—Nothing in this section
2 shall be construed to authorize any refunding of any
3 repayment of a loan.

4 “(e) LIST.—If the list of schools in which a teacher
5 may perform service pursuant to subsection (b) is not
6 available before May 1 of any year, the Secretary may use
7 the list for the year preceding the year for which the deter-
8 mination is made to make such service determination.

9 “(f) CONTINUED ELIGIBILITY.—Any teacher who
10 performs service in a school that—

11 “(1) meets the requirements of subsection
12 (b)(1)(A) in any year during such service; and

13 “(2) in a subsequent year fails to meet the re-
14 quirements of such subsection, may continue to
15 teach in such school and shall be eligible for loan
16 forgiveness pursuant to subsection (b).”.

17 **SEC. 433. COMMON FORMS AND FORMATS.**

18 Section 432(m)(1) (20 U.S.C. 1082(m)(1)) is amend-
19 ed—

20 (1) in subparagraph (A), by striking “a com-
21 mon application form and promissory note” and in-
22 serting “common application forms and promissory
23 notes, or multiyear promissory notes,”;

24 (2) by striking subparagraph (C);

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

3 (4) in subparagraph (C) (as redesignated by
4 paragraph (3))—

5 (A) by inserting “, application and other”
6 after “electronic”; and

7 (B) by adding at the end the following:
8 “Guaranty agencies, borrowers, and lenders
9 may use electronically printed versions of com-
10 mon forms approved for use by the Secretary.”.

11 **SEC. 434. STUDENT LOAN INFORMATION BY ELIGIBLE**
12 **LENDERS.**

13 Section 433 (20 U.S.C. 1083) is amended—

14 (1) in subsection (a), by amending the matter
15 preceding paragraph (1) to read as follows:

16 “(a) **REQUIRED DISCLOSURE BEFORE DISBURSE-**
17 **MENT.**—Each eligible lender shall, at or prior to the time
18 such lender disburses a loan that is insured or guaranteed
19 under this part (other than a loan made under section
20 428C), provide thorough and accurate loan information on
21 such loan to the borrower. Any disclosure required by this
22 subsection may be made by an eligible lender by written
23 or electronic means, including as part of the application
24 material provided to the borrower, as part of the promissory
25 note evidencing the loan, or on a separate written

1 form provided to the borrower. Each lender shall provide
2 a telephone number, and may provide an electronic ad-
3 dress, to each borrower through which additional loan in-
4 formation can be obtained. The disclosure shall
5 include—”; and

6 (2) in subsection (b), by amending the matter
7 preceding paragraph (1) to read as follows:

8 “(b) REQUIRED DISCLOSURE BEFORE REPAY-
9 MENT.—Each eligible lender shall, at or prior to the start
10 of the repayment period of the student borrower on loans
11 made, insured, or guaranteed under this part, disclose to
12 the borrower by written or electronic means the informa-
13 tion required under this subsection. Each eligible lender
14 shall provide a telephone number, and may provide an
15 electronic address, to each borrower through which addi-
16 tional loan information can be obtained. For any loan
17 made, insured, or guaranteed under this part, other than
18 a loan made under section 428B or 428C, such disclosure
19 required by this subsection shall be made not less than
20 30 days nor more than 240 days before the first payment
21 on the loan is due from the borrower. The disclosure shall
22 include—”.

23 **SEC. 435. DEFINITIONS.**

24 (a) ELIGIBLE INSTITUTION.—Section 435(a) (20
25 U.S.C. 1085(a)) is amended—

1 (1) in paragraph (2)—

2 (A) by adding after the matter following
3 subparagraph (A)(ii) the following:

4 “If an institution continues to participate in a pro-
5 gram under this part, and the institution’s appeal of
6 the loss of eligibility is unsuccessful, the institution
7 shall be required to pay to the Secretary an amount
8 equal to the amount of interest, special allowance,
9 reinsurance, and any related payments made by the
10 Secretary (or which the Secretary is obligated to
11 make) with respect to loans made under this part to
12 students attending, or planning to attend, that insti-
13 tution during the pendency of such appeal. In order
14 to continue to participate during an appeal under
15 this paragraph, the institution shall provide a letter
16 of credit in favor of the Secretary or other third-
17 party financial guarantees satisfactory to the Sec-
18 retary in an amount determined by the Secretary to
19 be sufficient to satisfy the institution’s potential li-
20 ability on such loans under the preceding sentence.”;
21 and

22 (B) by amending subparagraph (C) to read
23 as follows:

24 “(C)(i) This paragraph shall not apply to any
25 institution described in clause (ii), and any such in-

1 stitution that exceeds the threshold percentage in
2 subparagraph (A)(ii) for 2 consecutive years shall
3 submit to the Secretary a default management plan
4 satisfactory to the Secretary and containing criteria
5 designed, in accordance with the regulations of the
6 Secretary, to demonstrate continuous improvement
7 by the institution in the institution’s cohort default
8 rate. If the institution fails to submit the required
9 plan, or to satisfy the criteria in the plan, the insti-
10 tution shall be subject to a loss of eligibility in ac-
11 cordance with this paragraph, except as the Sec-
12 retary may otherwise specify in regulations.

13 “(ii) An institution referred to in clause (i) is—

14 “(I) a part B institution within the mean-
15 ing of section 322(2);

16 “(II) a tribally controlled community col-
17 lege within the meaning of section 2(a)(4) of
18 the Tribally Controlled Community College As-
19 sistance Act of 1978; or

20 “(III) a Navajo Community College under
21 the Navajo Community College Act.”;

22 (2) in the matter following subparagraph (C)—

23 (A) by inserting “for a reasonable period
24 of time, not to exceed 30 days,” after “access”;

25 and

1 (B) by striking “of the affected guaranty
2 agencies and loan servicers for a reasonable pe-
3 riod of time, not to exceed 30 days” and insert-
4 ing “used by a guaranty agency in determining
5 whether to pay a claim on a defaulted loan”;
6 and

7 (3) by adding at the end the following:

8 “(4) PARTICIPATION RATE INDEX.—

9 “(A) IN GENERAL.—An institution that
10 demonstrates to the Secretary that the institu-
11 tion’s participation rate index is equal to or less
12 than 0.0375 for any of the 3 applicable partici-
13 pation rate indices shall not be subject to para-
14 graph (2). The participation rate index shall be
15 determined by multiplying the institution’s co-
16 hort default rate for loans under part B or D,
17 or weighted average cohort rate for loans under
18 parts B and D, by the percentage of the institu-
19 tion’s regular students, enrolled on at least a
20 half-time basis, who received a loan made under
21 part B or D for a 12-month period ending dur-
22 ing the 6 months immediately preceding the fis-
23 cal year for which the cohort of borrowers used
24 to calculate the institution’s cohort default rate
25 is determined.

1 “(B) DATA.—An institution shall provide
2 the Secretary with sufficient data to determine
3 the institution’s participation rate index within
4 30 days after receiving an initial notification of
5 the institution’s draft cohort default rate.

6 “(C) NOTIFICATION.—Prior to publication
7 of a final cohort default rate for an institution
8 that provides the data described in subpara-
9 graph (B), the Secretary shall notify the insti-
10 tution of the institution’s compliance or non-
11 compliance with subparagraph (A).”.

12 (b) COHORT DEFAULT RATE.—Section
13 435(m)(1)(B) (20 U.S.C. 1085(m)(1)(B)) is amended by
14 striking “insurance, and, in considering appeals with re-
15 spect to cohort default rates pursuant to subsection (a)(3),
16 exclude” and inserting “insurance. In considering appeals
17 with respect to cohort default rates pursuant to subsection
18 (a)(3), the Secretary shall exclude, from the calculation
19 of the number of students who entered repayment and
20 from the calculation of the number of students who de-
21 fault,”.

22 **SEC. 436. DELEGATION OF FUNCTIONS.**

23 Section 436 (20 U.S.C. 1086) is amended to read as
24 follows:

1 **“SEC. 436. DELEGATION OF FUNCTIONS.**

2 “(a) IN GENERAL.—An eligible lender or guaranty
3 agency that contracts with another entity to perform any
4 of the lender’s or agency’s functions under this title, or
5 otherwise delegates the performance of such functions to
6 such other entity—

7 “(1) shall not be relieved of the lender’s or
8 agency’s duty to comply with the requirements of
9 this title; and

10 “(2) shall monitor the activities of such other
11 entity for compliance with such requirements.

12 “(b) SPECIAL RULE.—A lender that holds a loan
13 made under part B in the lender’s capacity as a trustee
14 is responsible for complying with all statutory and regu-
15 latory requirements imposed on any other holder of a loan
16 made under this part.”.

17 **SEC. 437. SPECIAL ALLOWANCES.**

18 (a) AMENDMENTS.—Section 438 (20 U.S.C. 1087–
19 1) is amended—

20 (1) in subsection (c), by amending paragraph
21 (1) to read as follows:

22 “(1) DEDUCTION FROM INTEREST AND SPECIAL
23 ALLOWANCE SUBSIDIES.—(A) Notwithstanding sub-
24 section (b), the Secretary shall collect the amount
25 the lender is authorized to charge as an origination

1 fee in accordance with paragraph (2) of this sub-
2 section—

3 “(i) by reducing the total amount of inter-
4 est and special allowance payable under section
5 428(a)(3)(A) and subsection (b) of this section,
6 respectively, to any holder; or

7 “(ii) directly from the holder of the loan,
8 if the lender fails or is not required to bill the
9 Secretary for interest and special allowance or
10 withdraws from the program with unpaid loan
11 origination fees.

12 “(B) If the Secretary collects the origination fee
13 under this subsection through the reduction of inter-
14 est and special allowance, and the total amount of
15 interest and special allowance payable under section
16 428(a)(3)(A) and subsection (b) of this section, re-
17 spectively, is less than the amount the lender was
18 authorized to charge borrowers for origination fees
19 in that quarter, the Secretary shall deduct the excess
20 amount from the subsequent quarters’ payments
21 until the total amount has been deducted.”;

22 (2) in subsection (d), by amending paragraph
23 (1) to read as follows:

24 “(1) DEDUCTION FROM INTEREST AND SPECIAL
25 ALLOWANCE SUBSIDIES.—

1 “(A) IN GENERAL.—Notwithstanding sub-
2 section (b), the Secretary shall collect a loan fee
3 in an amount determined in accordance with
4 paragraph (2)—

5 “(i) by reducing the total amount of
6 interest and special allowance payable
7 under section 428(a)(3)(A) and subsection
8 (b), respectively, to any holder of a loan; or

9 “(ii) directly from the holder of the
10 loan, if the lender—

11 “(I) fails or is not required to bill
12 the Secretary for interest and special
13 allowance payments; or

14 “(II) withdraws from the pro-
15 gram with unpaid loan fees.

16 “(B) SPECIAL RULE.—If the Secretary col-
17 lects loan fees under this subsection through
18 the reduction of interest and special allowance
19 payments, and the total amount of interest and
20 special allowance payable under section
21 428(a)(3)(A) and subsection (b), respectively, is
22 less than the amount of such loan fees, then the
23 Secretary shall deduct the amount of the loan
24 fee balance from the amount of interest and
25 special allowance payments that would other-

1 wise be payable, in subsequent quarterly incre-
2 ments until the balance has been deducted.”;

3 and

4 (3) in subsection (e)—

5 (A) by striking paragraphs (1) and (2);

6 and

7 (B) by redesignating paragraphs (3) and
8 (4) as paragraphs (1) and (2), respectively.

9 (b) CONFORMING AMENDMENT.—Section
10 432(f)(1)(D) is amended by striking “required to file a
11 plan for doing business under section 438(d)” and insert-
12 ing “that meets the requirements of section 438(e)”.

13 **SEC. 438. STUDY OF MARKET-BASED MECHANISMS FOR DE-**
14 **TERMINING STUDENT LOAN INTEREST**
15 **RATES.**

16 (a) STUDY REQUIRED.—

17 (1) IN GENERAL.—The Secretary of the Treas-
18 ury shall conduct a study of the feasibility of em-
19 ploying market-based mechanisms, including some
20 form of auction, for determining student loan inter-
21 est rates under title IV of the Higher Education Act
22 of 1965 (20 U.S.C. 1070 et seq.). The study shall
23 include—

1 (A) analysis of the potential impact of the
2 mechanisms on the delivery of student financial
3 aid;

4 (B) analysis of the implications of the
5 mechanisms with respect to student and institu-
6 tional access to student loan capital;

7 (C) analysis of the potential impact of the
8 mechanisms on the costs of the programs under
9 such title for students and the Federal Govern-
10 ment; and

11 (D) a plan for structuring and implement-
12 ing the mechanisms in such a manner that en-
13 sures the cost-effective availability of student
14 loans for students and their families.

15 (b) CONSULTATION.—In conducting the study de-
16 scribed in paragraph (1), the Secretary shall consult with
17 lenders, secondary markets, guaranty agencies, institu-
18 tions of higher education, student loan borrowers, and
19 other participants in the student loan programs under title
20 IV of the Higher Education Act of 1965 (20 U.S.C. 1070
21 et seq.).

22 (c) REPORT TO CONGRESS.—The Secretary of the
23 Treasury shall report to the Committee on Labor and
24 Human Resources of the Senate, and the Committee on
25 Education and the Workforce of the House of Representa-

1 tives not later than September 30, 1999, regarding the
2 results of the study described in subsection (a).

3 **PART C—FEDERAL WORK-STUDY PROGRAMS**

4 **SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMU-**
5 **NITY SERVICES.**

6 Section 441 (20 U.S.C. 2751) is amended—

7 (1) in subsection (b), by striking
8 “\$800,000,000 for fiscal year 1993” and inserting
9 “\$900,000,000 for fiscal year 1999”; and

10 (2) in subsection (c)—

11 (A) in paragraph (1), by inserting “(in-
12 cluding child care services provided on cam-
13 pus)” after “child care”; and

14 (B) in paragraph (3), by inserting “, in-
15 cluding students with disabilities who are en-
16 rolled at the institution” before the semicolon.

17 **SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.**

18 Section 443(b) (20 U.S.C. 2753(b)) is amended—

19 (1) by amending paragraph (3) to read as fol-
20 lows:

21 “(3) provide that in the selection of students
22 for employment under such work-study program,
23 only students who demonstrate financial need in ac-
24 cordance with part F of this title and meet the re-
25 quirements of section 484 will be assisted, except

1 that if the institution’s grant under this part is di-
2 rectly or indirectly based in part on the financial
3 need demonstrated by students who are (A) attend-
4 ing the institution on less than a full-time basis, or
5 (B) independent students, a reasonable portion of
6 the allocation shall be made available to such stu-
7 dents;”;

8 (2) in paragraph (5)—

9 (A) by striking “provide that” and insert-
10 ing “(A) provide that”;

11 (B) by striking “1993–1994” and insert-
12 ing “1999–2000”;

13 (C) by inserting “and” after the semicolon;

14 and

15 (D) by adding at the end the following:

16 “(B) provide that the Federal share of the com-
17 pensation of students employed in community service
18 shall not exceed 90 percent;” and

19 (3) in paragraph (6), by striking “, and to
20 make” and all that follows through “such employ-
21 ment”.

22 **SEC. 443. WORK COLLEGES.**

23 Section 448 (20 U.S.C. 2756b) is amended—

24 (1) in subsection (b)(2)—

1 (A) in subparagraph (C), by striking
2 “and” after the semicolon;

3 (B) in subparagraph (D)(ii), by striking
4 the period and inserting a semicolon; and

5 (C) by adding at the end the following:

6 “(E) coordinate and carry out joint
7 projects and activities to promote work service
8 learning; and

9 “(F) carry out a comprehensive, longitu-
10 dinal study of student academic progress and
11 academic and career outcomes, relative to stu-
12 dent self-sufficiency in financing their higher
13 education, repayment of student loans, contin-
14 ued community service, kind and quality of
15 service performed, and career choice and com-
16 munity service selected after graduation.”; and

17 (2) in subsection (f), by striking “\$5,000,000
18 for fiscal year 1993” and inserting “\$7,000,000 for
19 fiscal year 1999”.

20 **PART D—WILLIAM D. FORD FEDERAL DIRECT**

21 **LOAN PROGRAM**

22 **SEC. 451. SELECTION OF INSTITUTIONS.**

23 Section 453(c) (20 U.S.C. 1087c(c)) is amended—

24 (1) in paragraph (2)—

1 (A) in the paragraph heading, by striking
2 “TRANSITION”;

3 (B) by striking subparagraph (E); and

4 (C) by redesignating subparagraphs (F),
5 (G), and (H) as subparagraphs (E), (F), and
6 (G), respectively; and

7 (2) in paragraph (3)—

8 (A) in the paragraph heading, by striking
9 “AFTER TRANSITION”; and

10 (B) by striking “For academic year 1995–
11 1996 and subsequent academic years, the” and
12 inserting “The”.

13 **SEC. 452. TERMS AND CONDITIONS.**

14 (a) INTEREST RATES.—Section 455(b) (20 U.S.C.
15 1087e(b)) is amended to read as follows:

16 “(b) INTEREST RATE.—

17 “(1) RATES FOR FDSL AND FDUSL.—For Fed-
18 eral Direct Stafford/Ford Loans and Federal Direct
19 Unsubsidized Stafford/Ford Loans for which the
20 first disbursement is made on or after July 1, 1998,
21 the applicable rate of interest shall, during any 12-
22 month period beginning on July 1 and ending on
23 June 30, be determined on the preceding June 1
24 and be equal to—

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

4 “(B) 2.3 percent,
5 except that such rate shall not exceed 8.25 percent.

6 “(2) IN SCHOOL AND GRACE PERIOD RULES.—
7 With respect to any Federal Direct Stafford/Ford
8 Loan or Federal Direct Unsubsidized Stafford/Ford
9 Loan for which the first disbursement is made on or
10 after July 1, 1995, the applicable rate of interest for
11 interest which accrues—

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

14 “(B) during the period in which principal
15 need not be paid (whether or not such principal
16 is in fact paid) by reason of a provision de-
17 scribed in section 428(b)(1)(M) or
18 427(a)(2)(C),

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

21 “(3) PLUS LOANS.—With respect to Federal
22 Direct PLUS Loan for which the first disbursement
23 is made on or after July 1, 1998, the applicable rate
24 of interest shall be determined under paragraph
25 (1)—

1 “(A) by substituting ‘3.1 percent’ for ‘2.3
2 percent’; and

3 “(B) by substituting ‘9.0 percent’ for ‘8.25
4 percent’.

5 “(4) PUBLICATION.—The Secretary shall deter-
6 mine the applicable rates of interest under this sub-
7 section after consultation with the Secretary of the
8 Treasury and shall publish such rate in the Federal
9 Register as soon as practicable after the date of de-
10 termination.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply with respect to any loan made
13 under part D of title IV of the Higher Education Act of
14 1965 for which the first disbursement is made on or after
15 July 1, 1998.

16 **SEC. 453. CONTRACTS.**

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

18 (1) in paragraph (3), by inserting “and” after
19 the semicolon;

20 (2) by striking paragraph (4); and

21 (3) by redesignating paragraph (5) as para-
22 graph (4).

23 **SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.**

24 Section 458 (20 U.S.C. 1087h) is amended—

1 (1) by amending subsection (a) to read as fol-
2 lows:

3 “(a) ADMINISTRATIVE EXPENSES.—

4 “(1) IN GENERAL.—Each fiscal year there shall
5 be available to the Secretary, from funds not other-
6 wise appropriated, funds to be obligated for—

7 “(A) administrative costs under this part
8 and part B, including the costs of the direct
9 student loan programs under this part; and

10 “(B) account maintenance fees payable to
11 guaranty agencies under part B and calculated
12 in accordance with paragraph (2), not to exceed
13 (from such funds not otherwise appropriated)
14 \$626,000,000 in fiscal year 1999,
15 \$726,000,000 in fiscal year 2000,
16 \$770,000,000 in fiscal year 2001,
17 \$780,000,000 in fiscal year 2002, and
18 \$795,000,000 in fiscal year 2003.

19 “(2) ACCOUNT MAINTENANCE FEES.—Account
20 maintenance fees under subparagraph (B) shall be
21 paid quarterly and deposited in the Agency Operat-
22 ing Fund established under section 422B.

23 “(3) CARRYOVER.—The Secretary may carry
24 over funds made available under this section to a
25 subsequent fiscal year.”; and

1 (2) by amending subsection (b) to read as fol-
2 lows:

3 “(b) **CALCULATION BASIS.**—Account maintenance
4 fees payable to guaranty agencies under paragraph (1)(B)
5 shall be calculated—

6 “(1) for fiscal years 1999 and 2000, on the
7 basis of 0.12 percent of the original principal
8 amount of outstanding loans on which insurance was
9 issued under part B; and

10 “(2) for fiscal year 2001, 2002, and 2003, on
11 the basis of 0.10 percent of the original principal
12 amount of outstanding loans on which insurance was
13 issued under part B.”.

14 **SEC. 455. LOAN CANCELLATION FOR TEACHERS.**

15 Part D of title IV (20 U.S.C. 1087a et seq.) is
16 amended by adding at the end the following:

17 **“SEC. 459. LOAN CANCELLATION FOR TEACHERS.**

18 “(a) **STATEMENT OF PURPOSE.**—It is the purpose of
19 this section to encourage individuals to enter and continue
20 in the teaching profession.

21 “(b) **PROGRAM AUTHORIZED.**—The Secretary is au-
22 thorized to carry out a program of canceling the obligation
23 to repay a Federal Direct Stafford/Ford Loan made under
24 this part that is eligible for an interest subsidy, for any

1 new borrower on or after the date of enactment of the
2 Higher Education Amendments of 1998, who—

3 “(1) has been employed as a full-time teacher
4 for 3 consecutive complete school years—

5 “(A) in a school that qualifies under sec-
6 tion 465(a)(2)(A) for loan cancellation for Per-
7 kins loan recipients who teach in such schools;

8 “(B) if employed as a secondary school
9 teacher, is teaching a subject area that is rel-
10 evant to the borrower’s academic major as cer-
11 tified by the chief administrative officer of the
12 public or non-profit private secondary school in
13 which the borrower is employed; and

14 “(C) if employed as an elementary school
15 teacher, has demonstrated, in accordance with
16 State teacher certification or licensing require-
17 ments and as certified by the chief administra-
18 tive officer of the public or nonprofit private el-
19 ementary school in which the borrower is em-
20 ployed, knowledge and teaching skills in read-
21 ing, writing, mathematics and other areas of
22 the elementary school curriculum; and

23 “(2) is not in default on a loan for which the
24 borrower seeks forgiveness.

1 “(c) REGULATIONS.—The Secretary is authorized to
2 issue such regulations as may be necessary to carry out
3 the provisions of this section.

4 “(d) LOAN CANCELLATION DURING CONTINUING
5 TEACHING SERVICE.—

6 “(1) IN GENERAL.—The Secretary shall cancel
7 the obligation to repay—

8 “(A) 30 percent of the total outstanding
9 amount and applicable interest of subsidized
10 Federal Direct Stafford/Ford loans owed by the
11 student borrower after the completion of the
12 fourth or fifth complete school year of service
13 described in subsection (b);

14 “(B) 40 percent of such total amount after
15 the completion of the sixth complete school year
16 of such service; and

17 “(C) a total amount for any borrower that
18 shall not exceed \$ 10,000.

19 “(2) CONSTRUCTION.—Nothing in this section
20 shall be construed to authorize any refunding of any
21 canceled loan.

22 “(e) LIST.—If the list of schools in which a teacher
23 may perform service pursuant to subsection (b) is not
24 available before May 1 of any year, the Secretary may use

1 the list for the year preceding the year for which the deter-
 2 mination is made to make such service determination.

3 “(f) CONTINUED ELIGIBILITY.—Any teacher who
 4 performs service in a school that—

5 “(1) meets the requirements of subsection
 6 (b)(1)(A) in any year during such service; and

7 “(2) in a subsequent year fails to meet the re-
 8 quirements of such subsection, may continue to
 9 teach in such school and shall be eligible for loan
 10 cancellation pursuant to subsection (b).”.

11 **PART E—FEDERAL PERKINS LOANS**

12 **SEC. 461. AUTHORIZATION OF APPROPRIATIONS.**

13 Subsection (b) of section 461 (20 U.S.C. 1087aa) is
 14 amended by striking “1993” and inserting “1999”.

15 **SEC. 462. ALLOCATION OF FUNDS.**

16 (a) AMENDMENTS.—Section 462 (20 U.S.C. 1087bb)
 17 is amended—

18 (1) in the matter preceding subparagraph (A)
 19 of subsection (d)(3), by striking “the Secretary, for”
 20 and all that follows through “years,”;

21 (2) by amending subsection (f) to read as fol-
 22 lows:

23 “(f) DEFAULT PENALTIES.—

24 “(1) IN GENERAL.—For fiscal year 1998 and
 25 any succeeding fiscal year, any institution with a co-

1 cohort default rate (as defined under subsection (h))
2 that equals or exceeds 25 percent shall have a de-
3 fault penalty of zero.

4 “(2) INELIGIBILITY.—

5 “(A) IN GENERAL.—For fiscal year 1998
6 and any succeeding fiscal year, any institution
7 with a cohort default rate (as defined in sub-
8 section (h)) that equals or exceeds 50 percent
9 for each of the 3 most recent years for which
10 data are available shall not be eligible to par-
11 ticipate in a program under this part for the
12 fiscal year for which the determination is made
13 and the 2 succeeding fiscal years, unless, within
14 30 days of receiving notification from the Sec-
15 retary of the loss of eligibility under this para-
16 graph, the institution appeals the loss of eligi-
17 bility to the Secretary. The Secretary shall
18 issue a decision on any such appeal within 45
19 days after the submission of the appeal. Such
20 decision may permit the institution to continue
21 to participate in a program under this part if—

22 “(i) the institution demonstrates to
23 the satisfaction of the Secretary that the
24 Secretary’s calculation of the institution’s
25 cohort default rate is not accurate, and

1 that recalculation would reduce the institu-
2 tion's cohort default rate for any of the 3
3 fiscal years below 50 percent; or

4 “(ii) there are, in the judgment of the
5 Secretary, exceptional mitigating cir-
6 cumstances such as a small number of bor-
7 rowers entering repayment, that would
8 make the application of this subparagraph
9 inequitable.

10 “(B) CONTINUED PARTICIPATION.—Dur-
11 ing an appeal under subparagraph (A), the Sec-
12 retary may permit the institution to continue to
13 participate in a program under this part.

14 “(C) DEFINITION.—For the purposes of
15 subparagraph (A), the term ‘loss of eligibility’
16 shall be defined as the mandatory liquidation of
17 an institution's student loan fund, and assign-
18 ment of the institution's outstanding loan port-
19 folio to the Secretary.”;

20 (3) by amending paragraph (1) of subsection
21 (g) to read as follows: “(1) For award year 1998
22 and subsequent years, the maximum cohort default
23 rate is 25 percent.”; and

24 (4) in subsection (h)—

1 (A) in the subsection heading, by striking
2 “DEFINITIONS OF DEFAULT RATE AND” and
3 inserting “DEFINITION OF”;

4 (B) by striking paragraphs (1) and (2);

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

7 (D) in paragraph (1) (as redesignated by
8 subparagraph (C))—

9 (i) by striking subparagraph (B); and

10 (ii) by redesignating subparagraphs
11 (C) through (G) as subparagraphs (B)
12 through (F), respectively; and

13 (E) in the matter preceding subparagraph
14 (A) of paragraph (2) (as redesignated by sub-
15 paragraph (C)), by striking “A loan” and in-
16 serting “For purposes of calculating the cohort
17 default rate under this subsection, a loan”.

18 (b) CONFORMING AMENDMENTS.—Section 462 (20
19 U.S.C. 1087bb) is amended—

20 (1) in the matter following paragraphs (1)(B)
21 and (2)(D)(ii) of subsection (a), by inserting “co-
22 hort” before “default” each place the term appears;

23 (2) in the matter following paragraphs (2)(B)
24 and (3)(C) of subsection (c), by inserting “cohort”
25 before “default” each place the term appears;

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

3 “(A) the date of disbursement and the
4 amount of such loans made to any borrower
5 under this part at the time of disbursement of
6 the loan;”;

7 (iii) in subparagraph (B)—

8 (I) by inserting “the repayment
9 and” after “concerning”; and

10 (II) by striking “any defaulted”
11 and inserting “such”; and

12 (iv) in subparagraph (C), by inserting
13 “, or upon cancellation or discharge of the
14 borrower’s obligation on the loan for any
15 reason” before the period;

16 (B) in paragraph (3)—

17 (i) in the matter preceding subpara-
18 graph (A), by striking “until—” and in-
19 serting “until the loan is paid in full.”; and

20 (ii) by striking subparagraphs (A) and
21 (B); and

22 (C) by amending paragraph (4) to read as
23 follows:

24 “(4)(A) Except as provided in subparagraph
25 (B), an institution of higher education, after con-

1 sultation with the Secretary and pursuant to the
2 agreements entered into under paragraph (1), shall
3 disclose at least annually to any credit bureau orga-
4 nization with which the Secretary has such an agree-
5 ment the information set forth in paragraph (2), and
6 shall disclose promptly to such credit bureau organi-
7 zation any changes to the information previously dis-
8 closed.

9 “(B) The Secretary may promulgate regulations
10 establishing criteria under which an institution of
11 higher education may cease reporting the informa-
12 tion described in paragraph (2) before a loan is paid
13 in full.”.

14 **SEC. 464. TERMS OF LOANS.**

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

16 (1) in subsection (a), by amending paragraph
17 (2) to read as follows:

18 “(2)(A) Except as provided in paragraph (4),
19 the total of loans made to a student in any academic
20 year or its equivalent by an institution of higher
21 education from a loan fund established pursuant to
22 an agreement under this part shall not exceed—

23 “(i) \$4,000, in the case of a student who
24 has not successfully completed a program of un-
25 dergraduate education; or

1 “(ii) \$6,000, in the case of a graduate or
2 professional student (as defined in regulations
3 issued by the Secretary).

4 “(B) Except as provided in paragraph (4), the
5 aggregate of the loans for all years made to a stu-
6 dent by institutions of higher education from loan
7 funds established pursuant to agreements under this
8 part may not exceed—

9 “(i) \$40,000, in the case of any graduate
10 or professional student (as defined by regula-
11 tions issued by the Secretary, and including any
12 loans from such funds made to such person be-
13 fore such person became a graduate or profes-
14 sional student);

15 “(ii) \$20,000, in the case of a student who
16 has successfully completed 2 years of a program
17 of education leading to a bachelor’s degree but
18 who has not completed the work necessary for
19 such a degree (determined under regulations
20 issued by the Secretary, and including any
21 loans from such funds made to such person be-
22 fore such person became such a student); and

23 “(iii) \$8,000, in the case of any other stu-
24 dent.

1 “(C)(i) The total of loans made to a student de-
2 scribed in clause (ii) in any academic year or its
3 equivalent by an institution of higher education from
4 loan funds established pursuant to agreements under
5 this part may not exceed—

6 “(I) \$8,000 for each of the third and
7 fourth years of the program of instruction lead-
8 ing to a bachelor’s degree; or

9 “(II) \$10,000 for the first year of grad-
10 uate study (as defined in regulations issued by
11 the Secretary).

12 “(ii) A student referred to in clause (i) is any
13 student—

14 “(I) who is a junior in a program of in-
15 struction leading to a bachelor’s degree;

16 “(II) who states in writing that the stu-
17 dent will pursue a course of study to become an
18 elementary or secondary school teacher; and

19 “(III) who states in writing that the stu-
20 dent intends to become a full-time teacher in a
21 school which meets the requirements of section
22 465(a)(2)(A).

23 “(iii) Each institution shall provide a report to
24 the Secretary annually containing the number of
25 loans under this subparagraph that are made, the

1 amount of each loan, and whether students benefit-
2 ing from the higher loan limits met the requirements
3 for receiving those loans.

4 “(iv) If 3 years after the date of enactment of
5 the Higher Education Amendments of 1998, the
6 Secretary determines that an institution has engaged
7 in a pattern of abuse of this subparagraph, the Sec-
8 retary may reduce or terminate the institution’s
9 Federal capital contribution.”;

10 (2) in subsection (b), by amending paragraph
11 (2) to read as follows:

12 “(2) If the institution’s capital contribution
13 under section 462 is directly or indirectly based in
14 part on the financial need demonstrated by students
15 who are (A) attending the institution less than full
16 time; or (B) independent students, a reasonable por-
17 tion of the loans made from the institution’s student
18 loan fund containing the contribution shall be made
19 available to such students.”;

20 (3) in subsection (c)(1)—

21 (A) in subparagraph (D), by striking “(i)
22 3 percent” and all that follows through “or
23 (iii)”;

1 (B) by redesignating subparagraphs (H)
2 and (I) as subparagraphs (I) and (J), respec-
3 tively; and

4 (C) by inserting after subparagraph (G)
5 the following:

6 “(H) shall provide that, in the case of a
7 loan made on or after July 1, 1999, the loan
8 shall be considered in default (except as other-
9 wise provided in section 462(h)) if the borrower
10 of a loan made under this part fails to make an
11 installment payment when due, or to meet any
12 other term of the promissory note or written re-
13 payment agreement, and such failure persists
14 for—

15 “(i) 180 days in the case of a loan
16 that is repayable in monthly installments;
17 or

18 “(ii) 240 days in the case of a loan
19 that is repayable in less frequent install-
20 ments;”; and

21 (4) by adding at the end the following:

22 “(g) DISCHARGE.—

23 “(1) IN GENERAL.—If a student borrower who
24 received a loan made under this part on or after
25 January 1, 1986, is unable to complete the program

1 in which such student is enrolled due to the closure
2 of the institution, then the Secretary shall discharge
3 the borrower's liability on the loan (including the in-
4 terest and collection fees) by repaying the amount
5 owed on the loan and shall subsequently pursue any
6 claim available to such borrower against the institu-
7 tion and the institution's affiliates and principals, or
8 settle the loan obligation pursuant to the financial
9 responsibility standards described in section 498(c).

10 “(2) ASSIGNMENT.—A borrower whose loan has
11 been discharged pursuant to this subsection shall be
12 deemed to have assigned to the United States the
13 right to a loan refund in an amount that does not
14 exceed the amount discharged against the institution
15 and the institution's affiliates and principals.

16 “(3) ELIGIBILITY FOR ADDITIONAL ASSIST-
17 ANCE.—The period during which a student was un-
18 able to complete a course of study due to the closing
19 of the institution shall not be considered for pur-
20 poses of calculating the student's period of eligibility
21 for additional assistance under this title.

22 “(4) SPECIAL RULE.—A borrower whose loan
23 has been discharged pursuant to this subsection
24 shall not be precluded, because of that discharge,
25 from receiving additional grant, loan, or work assist-

1 ance under this title for which the borrower would
2 be otherwise eligible (but for the default on the dis-
3 charged loan). The amount discharged under this
4 subsection shall not be considered income for pur-
5 poses of the Internal Revenue Code of 1986.

6 “(5) REPORTING.—The Secretary or institu-
7 tion, as the case may be, shall report to credit bu-
8 reaus with respect to loans that have been dis-
9 charged pursuant to this subsection.

10 “(h) REHABILITATION OF LOANS.—

11 “(1) REHABILITATION.—

12 “(A) IN GENERAL.—If the borrower of a
13 loan made under this part who has defaulted on
14 the loan makes 12 ontime, consecutive, monthly
15 payments of amounts owed on the loan, as de-
16 termined by the institution, the loan shall be
17 considered rehabilitated, and the institution
18 that made that loan (or the Secretary, in the
19 case of a loan held by the Secretary) shall in-
20 struct any credit bureau organization or credit
21 reporting agency to which the default was re-
22 ported to remove the default from the borrow-
23 er’s credit history.

24 “(B) COMPARABLE CONDITIONS.—As long
25 as the borrower continues to make scheduled

1 repayments on a loan rehabilitated under this
2 paragraph, the rehabilitated loan shall be sub-
3 ject to the same terms and conditions, and
4 qualify for the same benefits and privileges, as
5 other loans made under this part.

6 “(C) ADDITIONAL ASSISTANCE.—The bor-
7 rower of a rehabilitated loan shall not be pre-
8 cluded by section 484 from receiving additional
9 grant, loan, or work assistance under this title
10 (for which the borrower is otherwise eligible) on
11 the basis of defaulting on the loan prior to such
12 rehabilitation.

13 “(D) LIMITATIONS.—A borrower only once
14 may obtain the benefit of this paragraph with
15 respect to rehabilitating a loan under this part.

16 “(2) RESTORATION OF ELIGIBILITY.—If the
17 borrower of a loan made under this part who has de-
18 faulted on that loan makes 6 ontime, consecutive,
19 monthly payments of amounts owed on such loan,
20 the borrower’s eligibility for grant, loan, or work as-
21 sistance under this title shall be restored. A bor-
22 rower only once may obtain the benefit of this para-
23 graph with respect to restored eligibility.

24 “(i) INCENTIVE REPAYMENT PROGRAM.—

1 “(1) IN GENERAL.—Each institution of higher
2 education may establish, with the approval of the
3 Secretary, an incentive repayment program designed
4 to reduce default and to replenish student loan
5 funds established under this part. Each such incen-
6 tive repayment program may—

7 “(A) offer a reduction of the interest rate
8 on a loan on which the borrower has made 48
9 consecutive monthly repayments, but in no
10 event may the rate be reduced by more than 1
11 percent;

12 “(B) provide for a discount on the balance
13 owed on a loan on which the borrower pays the
14 principal and interest in full prior to the end of
15 the applicable repayment period, but in no
16 event may the discount exceed 5 percent of the
17 unpaid principal balance due on the loan at the
18 time the early repayment is made; and

19 “(C) include such other incentive repay-
20 ment options as the institution determines will
21 carry out the objectives of this subsection.

22 “(2) LIMITATION.—No incentive repayment op-
23 tion under an incentive repayment program author-
24 ized by this subsection may be paid for with Federal
25 funds, including any Federal funds from the student

1 loan fund, nor can an incentive repayment option be
 2 paid for with institutional funds from the student
 3 loan fund.”.

4 **SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**
 5 **FUNDS.**

6 Section 466 (20 U.S.C. 1087ff) is amended—

7 (1) in subsection (a)—

8 (A) in the matter preceding paragraph

9 (1)—

10 (i) by striking “1996” and inserting

11 “2003”; and

12 (ii) by striking “1997” and inserting

13 “2004”; and

14 (B) in paragraph (1), by striking “1996”

15 and inserting “2003”;

16 (2) in subsection (b)—

17 (A) by striking “2005” and inserting

18 “2012”; and

19 (B) by striking “1996” and inserting

20 “2003”; and

21 (3) in subsection (c), by striking “1997” and

22 inserting “2004”.

23 **SEC. 466. PERKINS REVOLVING FUND.**

24 (a) REPEAL.—Section 467 (20 U.S.C. 1087gg) is re-

25 pealed.

1 (b) TRANSFER OF BALANCE.—Any funds in the Per-
 2 kins Revolving Loan Fund on the date of enactment of
 3 this Act shall be transferred to and deposited in the Treas-
 4 ury.

5 **PART F—NEED ANALYSIS**

6 **SEC. 471. COST OF ATTENDANCE.**

7 Section 472 (20 U.S.C. 1087ll) is amended—

8 (1) in paragraph (3)—

9 (A) in subparagraph (A), by striking “of
 10 not less than \$1,500” and inserting “deter-
 11 mined by the institution”; and

12 (B) in subparagraph (C), by striking “, ex-
 13 cept that the amount may not be less than
 14 \$2,500”; and

15 (2) in paragraph (11), by striking “placed” and
 16 inserting “engaged”.

17 **SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STU-**
 18 **DENTS.**

19 Section 475 (20 U.S.C. 1087oo) is amended—

20 (1) in subsection (g)—

21 (A) in paragraph (2)—

22 (i) in subparagraph (D)—

23 (I) by striking “\$1,750” and in-
 24 serting “\$2,200”; and

1 (II) by striking “and” after the
2 semicolon;

3 (ii) in subparagraph (E), by striking
4 the period and inserting “; and”; and

5 (iii) by adding at the end the follow-
6 ing:

7 “(F) an allowance for parents’ negative
8 available income, determined in accordance with
9 paragraph (6).”; and

10 (B) by adding at the end the following:

11 “(6) ALLOWANCE FOR PARENTS’ NEGATIVE
12 AVAILABLE INCOME.—The allowance for parents’
13 negative available income is the negative amount, if
14 any, remaining after all allowances have been sub-
15 tracted from parents’ total income under subsection
16 (c)(1).”; and

17 (2) by adding at the end the following:

18 “(j) ADJUSTMENTS TO STUDENTS CONTRIBUTION
19 FOR ENROLLMENT PERIODS OF LESS THAN NINE
20 MONTHS.—For periods of enrollment of less than 9
21 months, the student’s contribution from adjusted available
22 income (as determined under subsection (g)) is deter-
23 mined, for purposes other than subpart 2 of part A, by
24 dividing the amount determined under such subsection by

1 9, and multiplying the result by the number of months
2 in the period of enrollment.”.

3 **SEC. 473. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**
4 **DENTS WITHOUT DEPENDENTS OTHER THAN**
5 **A SPOUSE.**

6 Section 476(b)(1)(A)(iv) (20 U.S.C.
7 1087pp(b)(1)(A)(iv)) is amended—

8 (1) in subclause (I), by striking “\$3,000” and
9 inserting “\$4,250”;

10 (2) in subclause (II), by striking “\$3,000” and
11 inserting “\$4,250”; and

12 (3) in subclause (III), by striking “\$6,000” and
13 inserting “\$7,250”.

14 **SEC. 474. REGULATIONS; UPDATED TABLES AND AMOUNTS.**

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

16 (1) by striking “For each academic year” and
17 inserting the following:

18 “(1) REVISED TABLES.—For each academic
19 year”; and

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

22 “(2) REVISED AMOUNTS.—For each academic
23 year after academic year 1997–1998, the Secretary
24 shall publish in the Federal Register revised income
25 protection allowances for the purpose of sections

1 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised al-
2 lowances shall be developed by increasing each of the
3 dollar amounts contained in such section by a per-
4 centage equal to the estimated percentage increase
5 in the Consumer Price Index (as determined by the
6 Secretary) between December 1996 and the Decem-
7 ber next preceding the beginning of such academic
8 year, and rounding the result to the nearest \$10.”.

9 **SEC. 475. REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-**
10 **CATIONS.**

11 Subsection (c) of section 479A (20 U.S.C. 1087tt)
12 is amended to read as follows:

13 “(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-
14 CATIONS.—An eligible institution may refuse to certify a
15 statement that permits a student to receive a loan under
16 part B, or refuse to make a loan under part D, or may
17 certify a loan amount or make a loan that is less than
18 the student’s determination of need (as determined under
19 this part), if the reason for the action is documented and
20 provided in written form to the student. No eligible insti-
21 tution shall discriminate against any borrower or applicant
22 in obtaining a loan on the basis of race, national origin,
23 religion, sex, marital status, age, or disability status.”.

1 **PART G—GENERAL PROVISIONS**

2 **SEC. 481. MASTER CALENDAR.**

3 Section 482 (20 U.S.C. 1089) is amended—

4 (1) in subsection (a), by adding at the end the
5 following:

6 “(3) To the extent feasible, the Secretary shall
7 notify eligible institutions and vendors by December
8 1 prior to the start of an award year of minimal
9 hardware and software requirements necessary to
10 administer programs under this title.”; and

11 (2) by amending subsection (c) to read as fol-
12 lows:

13 “(c) DELAY OF EFFECTIVE DATE OF LATE PUBLI-
14 CATIONS.—(1) Except as provided in paragraph (2), any
15 regulatory changes initiated by the Secretary affecting the
16 programs under this title that have not been published in
17 final form by November 1 prior to the start of the award
18 year shall not become effective until the beginning of the
19 second award year after such November 1 date.

20 “(2)(A) The Secretary may designate any regulatory
21 provision that affects the programs under this title and
22 is published in final form after November 1 as one that
23 an entity subject to the provision may, in the entity’s dis-
24 cretion, choose to implement prior to the effective date de-
25 scribed in paragraph (1). The Secretary may specify in
26 the designation when, and under what conditions, an en-

1 tity may implement the provision prior to that effective
2 date. The Secretary shall publish any designation under
3 this subparagraph in the Federal Register.

4 “(B) If an entity chooses to implement a regulatory
5 provision prior to the effective date described in paragraph
6 (1), as permitted by subparagraph (A), the provision shall
7 be effective with respect to that entity in accordance with
8 the terms of the Secretary’s designation.”.

9 **SEC. 482. FORMS AND REGULATIONS.**

10 Section 483 (20 U.S.C. 1090) is amended—

11 (1) in subsection (a)—

12 (A) in the subsection heading, by striking
13 “FORM” and inserting “FORM DEVELOPMENT”;

14 (B) by amending paragraph (1) to read as
15 follows:

16 “(1) SINGLE FORM REQUIREMENTS.—The Sec-
17 retary, in cooperation with representatives of agen-
18 cies and organizations involved in student financial
19 assistance, shall produce, distribute, and process free
20 of charge a common financial reporting form (which
21 shall include electronic versions of the form) to be
22 used—

23 “(A) to determine the need (including the
24 expected family contribution and, if appro-
25 priate, cost of attendance) and eligibility of a

1 student for financial assistance under parts A,
2 C, D, and E; and

3 “(B) to determine the need (including the
4 expected family contribution and cost of attend-
5 ance) of a student for the purposes of part B.

6 “(2) STATE DATA ITEMS.—The Secretary shall
7 include on the form developed under this subsection
8 such data items, selected in consultation with the
9 States to assist the States in awarding State student
10 financial assistance, as the Secretary determines are
11 appropriate for inclusion.

12 “(3) PARENT’S SOCIAL SECURITY NUMBER.—
13 The Secretary shall include on the form developed
14 under this paragraph space for the social security
15 number of parents of dependent students seeking fi-
16 nancial assistance under this title.

17 “(4) USE.—The Secretary shall require that
18 the form developed under this paragraph be used for
19 the purpose of collecting eligibility and other data
20 for purposes of part B, including the applicant’s
21 choice of lender.”; and

22 (C) in paragraph (3)—

23 (i) by striking “Institutions of higher
24 education and States shall receive” and in-
25 serting “The Secretary shall provide”; and

1 (ii) by striking “by the Secretary”;

2 and

3 (2) by adding at the end the following:

4 “(g) PAYMENT FOR DATA.—The Secretary may pay
5 such charges as the Secretary determines are necessary
6 to obtain data that the Secretary considers essential to
7 the efficient administration of the programs under this
8 title.

9 “(h) MULTIYEAR PROMISSORY NOTE.—The Sec-
10 retary shall require, for loans made under this title for
11 periods of enrollment beginning on or after July 1, 2000,
12 the use of a promissory note applicable to more than 1
13 academic year, or more than 1 type of loan made under
14 this title. Prior to implementing this subsection, the Sec-
15 retary shall develop and test such a promissory note on
16 a limited or pilot basis.”.

17 **SEC. 483. STUDENT ELIGIBILITY.**

18 Section 484 (20 U.S.C. 1091) is amended—

19 (1) in subsection (d)—

20 (A) in the matter preceding paragraph (1),

21 by striking “either”; and

22 (B) by adding at the end the following:

23 “(3) The student has completed a high school
24 education in a home school setting and has met any

1 State requirements with respect to such education in
2 a home school setting.”; and

3 (2) by adding at the end the following:

4 “(q) VERIFICATION OF IRS RETURN INFORMA-
5 TION.—The Secretary shall verify the information re-
6 ported by all applicants for assistance on the form pre-
7 scribed under section 483 with the return information (as
8 defined in section 6103 of the Internal Revenue Code of
9 1986) available to the Secretary of the Treasury. Notwith-
10 standing section 6103 of such Code the Secretary of the
11 Treasury shall provide the return information to the Sec-
12 retary. In the case of a dependent student the return in-
13 formation shall include the return information of the par-
14 ent of the student. The form prescribed by the Secretary
15 under section 483 shall contain a prominent notice of the
16 verification of the information and a warning to all the
17 applicants of the penalties for misrepresentation, with re-
18 spect to the information, under the United States Code.

19 **SEC. 484. INSTITUTIONAL REFUNDS.**

20 Section 484B (20 U.S.C. 1091b) is amended—

21 (1) in subsection (b)—

22 (A) in paragraph (1), by inserting “or”
23 after the semicolon;

24 (B) by striking paragraph (2); and

1 (C) by redesignating paragraph (3) as
2 paragraph (2); and
3 (2) in subsection (c)—

4 (A) in paragraph (1), by striking “last day
5 of attendance by the student” and inserting
6 “day the student withdrew”;

7 (B) in subparagraph (A) of paragraph (2),
8 by striking “last recorded day of attendance by
9 the student” and inserting “day the student
10 withdrew”; and

11 (C) by adding at the end the following:

12 “(3) For the purpose of this section, the term
13 ‘day a student withdrew’—

14 “(A) is the date that was the last recorded
15 day of attendance by the student; or

16 “(B) in instances where attendance is not
17 recorded, is the date on which—

18 “(i) the student began the withdrawal
19 process prescribed by the institution; or

20 “(ii) the student otherwise provided
21 notification to the institution of the intent
22 to withdraw.”.

1 **SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-**
2 **FORMATION FOR STUDENTS.**

3 (a) INFORMATION DISSEMINATION ACTIVITIES.—

4 Section 485(a) (20 U.S.C. 1092(a)) is amended—

5 (1) in paragraph (1)—

6 (A) in the second sentence, by striking
7 “and mailings, to all current” and inserting “,
8 mailings, and electronic media, to all enrolled”;
9 and

10 (B) by inserting after the second sentence
11 the following: “Each eligible institution annu-
12 ally shall provide to all students enrolled at the
13 institution, a list of the information that is re-
14 quired by this section, together with a state-
15 ment of the procedures required to obtain the
16 information.”;

17 (2) in paragraph (2), by inserting “an applica-
18 tion for” after “concerning”; and

19 (3) in paragraph (3)—

20 (A) in the matter preceding subparagraph

21 (A)—

22 (i) by inserting “(graduation rates)”
23 after “this subsection”; and

24 (ii) by inserting “(student right-to-
25 know)” after “subsection (e)”; and

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

3 “(A) shall be made available by July 1
4 each year to current and prospective students
5 prior to enrolling or entering into any financial
6 obligation; and”.

7 (b) EXIT COUNSELING FOR BORROWERS.—Section
8 485(b) (20 U.S.C. 1092(b)) is amended—

9 (1) in paragraph (1)(A), by striking “(individ-
10 ually or in groups)”; and

11 (2) in paragraph (2), by adding at the end the
12 following:

13 “(C) Nothing in this subsection shall be construed to
14 prohibit an institution of higher education from utilizing
15 electronic means to provide personalized exit counseling.”.

16 (c) DISCLOSURES REQUIRED WITH RESPECT TO
17 ATHLETICALLY RELATED STUDENT AID.—Section 485(e)
18 (20 U.S.C. 1092(e)) is amended—

19 (1) by amending paragraph (2) to read as fol-
20 lows:

21 “(2) When an institution described in para-
22 graph (1) offers a potential student athlete athlet-
23 ically related student aid, such institution shall pro-
24 vide to the student, the student’s parents, the stu-
25 dent’s guidance counselor, and the student’s coach

1 the information contained in the report submitted by
2 such institution pursuant to paragraph (1). If the
3 institution is a member of a national collegiate ath-
4 letic association that compiles graduation rate data
5 on behalf of its member institutions, that the Sec-
6 retary determines is substantially comparable to the
7 information described in the previous sentence, the
8 distribution of the compilation to all secondary
9 schools shall fulfill the responsibility of the institu-
10 tion to provide the information to a prospective stu-
11 dent athlete's guidance counselor and coach.”; and

12 (2) by amending paragraph (9) to read as fol-
13 lows:

14 “(9) The reports required by this subsection
15 shall be due each July 1 and shall cover the 1-year
16 period ending August 31 of the preceding year.”.

17 (d) DISCLOSURE OF CAMPUS SECURITY POLICY AND
18 CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C.
19 1092(f)) is amended—

20 (1) by amending subparagraph (F) of para-
21 graph (1) to read as follows:

22 “(F) Statistics concerning the occurrence
23 on campus, during the most recent calendar
24 year, and during the 2 preceding calendar years
25 for which data are available—

1 “(i) of the following criminal offenses
2 reported to campus security authorities or
3 local police agencies—

4 “(I) homicide, including murder
5 or nonnegligent manslaughter or neg-
6 ligent manslaughter;

7 “(II) sex offenses, forcible or
8 nonforcible;

9 “(III) robbery;

10 “(IV) aggravated assault;

11 “(V) burglary;

12 “(VI) motor vehicle theft; and

13 “(VII) arson;

14 “(ii) of the crimes described in sub-
15 clauses (I) through (VII), and vandalism
16 and simple assault, that manifest evidence
17 of prejudice based on actual or perceived
18 race, gender, religion, sexual orientation,
19 ethnicity, or disability that are reported to
20 campus security authorities or local police
21 agencies, which data shall be collected and
22 reported according to category of preju-
23 dice.”;

24 (2) by redesignating paragraphs (4) through
25 (7) as paragraphs (5) through (8), respectively;

1 (3) by inserting after paragraph (3) the follow-
2 ing:

3 “(4)(A) Each institution participating in any
4 program under this title which maintains either a
5 police or security department of any kind shall
6 make, keep, and maintain a daily log, written in a
7 form that can be easily understood, recording all
8 crimes reported to such police or security depart-
9 ment, including—

10 “(i) the nature, date, time, and general lo-
11 cation of each crime; and

12 “(ii) the disposition of the complaint, if
13 known.

14 “(B)(i) All entries that are required pursuant
15 to this paragraph shall, except where disclosure of
16 such information is prohibited by law or such disclo-
17 sure would jeopardize the confidentiality of the vic-
18 tim, be open to public inspection within 2 business
19 days of the initial report being made to the depart-
20 ment or a campus security authority.

21 “(ii) If new information about an entry into a
22 log becomes available to a police or security depart-
23 ment, then the new information shall be recorded in
24 the log not later than 2 business days after the in-

1 formation becomes available to the police or security
2 department.

3 “(iii) Where there is clear and convincing evi-
4 dence that the release of such information would
5 jeopardize an ongoing criminal investigation or the
6 safety of an individual, cause a suspect to flee or
7 evade detection, or result in the destruction of evi-
8 dence, such information may be withheld until that
9 damage is no longer likely to occur from the release
10 of such information.

11 “(iv) Notwithstanding clause (iii), an institution
12 of higher education shall record all criminal inci-
13 dents occurring on campus and shall make the re-
14 ports open to public inspection not later than 2 busi-
15 ness days after the requirements of clause (iii) are
16 met.”;

17 (4) in paragraph (7) (as redesignated by sub-
18 paragraph (B)), by inserting at the end the follow-
19 ing: “Such statistics shall not identify victims of
20 crimes or persons accused of crimes, except as per-
21 mitted by State or local law.”; and

22 (5) by adding at the end the following:

23 “(9) STUDY.—

24 “(A) IN GENERAL.—The Secretary, in con-
25 sultation with the Attorney General, shall pro-

1 vide for a national study to examine procedures
2 undertaken after an institution of higher edu-
3 cation receives a report of sexual assault.

4 “(B) REPORT.—The study required by
5 subparagraph (A) shall include an analysis of—

6 “(i) the existence and publication of
7 the institution of higher education’s and
8 State’s definition of sexual assault;

9 “(ii) the existence and publication of
10 the institution’s policy for campus sexual
11 assaults;

12 “(iii) the individuals to whom reports
13 of sexual assault are given most often
14 and—

15 “(I) how the individuals are
16 trained to respond to the reports; and

17 “(II) the extent to which the in-
18 dividuals are trained;

19 “(iv) the reporting options that are
20 articulated to the victim or victims of the
21 sexual assault regarding—

22 “(I) on-campus reporting and
23 procedure options; and

24 “(II) off-campus reporting and
25 procedure options;

1 “(v) the resources available for vic-
2 tims’ safety, support, medical health, and
3 confidentiality, including—

4 “(I) how well the resources are
5 articulated both specifically to the vic-
6 tim of sexual assault and generally to
7 the campus at large; and

8 “(II) the security of the re-
9 sources in terms of confidentiality or
10 reputation;

11 “(vi) policies and practices that may
12 prevent or discourage the reporting of
13 campus sexual assaults to local crime au-
14 thorities, or that may otherwise obstruct
15 justice or interfere with the prosecution of
16 perpetrators of campus sexual assaults;

17 “(vii) policies and practices found suc-
18 cessful in aiding the report and any ensu-
19 ing investigation or prosecution of a cam-
20 pus sexual assault;

21 “(viii) the on-campus procedures for
22 investigation and disciplining the perpetra-
23 tor of a sexual assault, including—

24 “(I) the format for collecting evi-
25 dence; and

1 “(II) the format of the investiga-
2 tion and disciplinary proceeding, in-
3 cluding the faculty responsible for
4 running the disciplinary procedure
5 and the persons allowed to attend the
6 disciplinary procedure; and

7 “(ix) types of punishment for offend-
8 ers, including—

9 “(I) whether the case is directed
10 outside for further punishment; and

11 “(II) how the institution pun-
12 ishes perpetrators.

13 “(C) SUBMISSION OF REPORT.—The re-
14 port required by subparagraph (B) shall be sub-
15 mitted to Congress not later than September 1,
16 1999.

17 “(D) DEFINITION.—For purposes of this
18 section, the term ‘campus sexual assaults’
19 means sexual assaults occurring at institutions
20 of higher education and sexual assaults commit-
21 ted against or by students or employees of such
22 institutions.

23 “(E) AUTHORIZATION OF APPROPRIA-
24 TIONS.—There is authorized to be appropriated

1 to carry out this section \$1,000,000 for fiscal
2 year 1999.”.

3 (e) DATA REQUIRED.—Section 485(g) (20 U.S.C.
4 1092(g)) is amended—

5 (1) in paragraph (1), by adding at the end the
6 following:

7 “(I)(i) The total revenues, and the reve-
8 nues from football, men’s basketball, women’s
9 basketball, all other men’s sports combined, and
10 all other women’s sports combined, derived by
11 the institution from the institution’s intercolle-
12 giate athletics activities.

13 “(ii) For the purpose of clause (i) revenues
14 from intercollegiate athletics activities allocable
15 to a sport shall include, without limitation, gate
16 receipts, broadcast revenues, appearance guar-
17 antees and options, concessions and advertising,
18 except that revenues such as student activities
19 fees or alumni contributions not so allocable
20 shall be included in the calculation of total reve-
21 nues only.

22 “(J)(i) The total expenses, and the ex-
23 penses attributable to football, men’s basketball,
24 women’s basketball, all other men’s sports com-
25 bined and all other women’s sports combined,

1 made by the institution for the institution’s
2 intercollegiate athletics activities.

3 “(ii) For the purpose of clause (i) expenses
4 for intercollegiate athletics activities allocable to
5 a sport shall include without limitation grants-
6 in-aid, salaries, travel, equipment, and supplies,
7 except that expenses such as general and ad-
8 ministrative overhead not so allocable shall be
9 included in the calculation of total expenses
10 only.

11 “(K) A statement of any reduction that
12 will, or is likely to, occur during the ensuing 4
13 academic years in the number of athletes that
14 will be permitted to participate in any collegiate
15 sport, or in the financial resources that the in-
16 stitution will make available for any such sport,
17 and the reasons for any such reduction, to the
18 extent the reduction is known at the time of the
19 preparation of the report.”; and

20 (2) by striking paragraph (5).”.

21 (f) GEPA AMENDMENT.—Section 444(a)(4)(B) of
22 the General Education Provisions Act (20 U.S.C.
23 1232g(a)(4)(B)) is amended—

24 (1) by redesignating clauses (iii) and (iv) as
25 clauses (iv) and (v), respectively; and

1 (2) by inserting after clause (ii) the following:

2 “(iii) records that are maintained by
3 local police or campus security officers of
4 an educational agency or institution
5 about—

6 “(I) individuals who have been
7 found guilty of, or have pled guilty to,
8 committing or participating in any
9 criminal activity as defined in Fed-
10 eral, State, or local law that has oc-
11 curred while the individual was a stu-
12 dent in attendance, including audit or
13 noncredit, at an educational institu-
14 tion; and

15 “(II) findings of guilt of criminal
16 misconduct and related sanctions from
17 any previously attended educational
18 agencies or institutions where such
19 records were created on or after Sep-
20 tember 1, 1999, and that are main-
21 tained by the institution currently or
22 most recently attended by the individ-
23 ual;”.

1 **SEC. 486. NATIONAL STUDENT LOAN DATA BANK SYSTEM.**

2 Section 485B (20 U.S.C. 1092b) is amended by add-
3 ing at the end the following:

4 “(h) STUDENT STATUS CONFIRMATION REPORT.—In
5 order to reduce unnecessary paperwork and to increase the
6 efficient administration, the Secretary shall assure that
7 borrowers under part E are included in the Student Status
8 Confirmation Report in the same manner as borrowers
9 under parts B and D.”.

10 **SEC. 487. TRAINING IN FINANCIAL AID SERVICES.**

11 Section 486 (20 U.S.C. 1093) is amended to read as
12 follows:

13 **“SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDU-
14 CATION.**

15 “(a) IN GENERAL.—For the purpose of providing
16 comparative information to families about the costs of
17 higher education—

18 “(1) the National Center for Education Statis-
19 tics shall—

20 “(A) develop a standard definition for the
21 following data elements:

22 “(i) Tuition and fees.

23 “(ii) Total cost of attendance, includ-
24 ing costs such as housing, books, supplies,
25 and transportation.

1 “(iii) Average amount of financial as-
2 sistance received by a student who attends
3 an institution of higher education, in terms
4 of the following:

5 “(I) Grants and loans.

6 “(II) Institutional and other as-
7 sistance.

8 “(iv) Percentage of students receiving
9 student financial assistance, in terms of
10 the following:

11 “(I) Grants and loans.

12 “(II) Institutional and other as-
13 sistance;

14 “(B) report the definitions to each institu-
15 tion of higher education and the Committee on
16 Labor and Human Resources of the Senate and
17 the Committee on Education and the Workforce
18 of the House of Representatives not later than
19 90 days after the date of enactment of the
20 Higher Education Amendments of 1998;

21 “(C) collect information regarding the data
22 elements described in subparagraph (A) with
23 respect to all institutions of higher education,
24 and make available the information each year in
25 a timely fashion through the integrated post-

1 secondary education data system, beginning
2 with the information from the 1999–2000 aca-
3 demic year;

4 “(D) provide the public notice when the in-
5 formation described in subparagraph (C) is
6 available for public inspection; and

7 “(E) publish in a timely fashion a report
8 after the third year of collection of the informa-
9 tion described in subparagraph (C) that com-
10 pares the information described in subpara-
11 graph (C) longitudinally by institution, which
12 information shall be presented in a form that is
13 easily understandable, including clear defini-
14 tions of the data elements described in subpara-
15 graph (A), to allow parents and students to
16 make informed decisions about attending col-
17 lege; and

18 “(2) institutions of higher education shall pro-
19 vide information regarding each data element de-
20 scribed in paragraph (1)(A) to the National Center
21 for Education Statistics by March 1 of each year,
22 beginning in the year 2000.

23 “(b) STUDY.—

24 “(1) IN GENERAL.—In consultation with the
25 Bureau of Labor Statistics, the National Center for

1 Education Statistics shall conduct a national study
2 of expenditures at institutions of higher education.

3 Such study shall include information about—

4 “(A) expenditures for—

5 “(i) faculty salaries and benefits;

6 “(ii) administrative salaries, benefits,
7 and expenses;

8 “(iii) academic support services;

9 “(iv) research;

10 “(v) construction; and

11 “(vi) technology;

12 “(B) how such expenditures change over
13 time; and

14 “(C) how such expenditures relate to col-
15 lege costs.

16 “(2) FINAL REPORT.—The National Center for
17 Education Statistics shall submit a report regarding
18 the findings of the study required by paragraph (1)
19 to the Committee on Labor and Human Resources
20 of the Senate and the Committee on Education and
21 the Workforce of the House of Representatives not
22 later than September 30, 2001.

23 “(c) HIGHER EDUCATION MARKET BASKET.—In
24 consultation with the Bureau of Labor Statistics, the Na-
25 tional Center for Education Statistics shall develop a

1 Higher Education Market Basket that identifies the items
2 that comprise the costs of higher education. The National
3 Center for Education Statistics shall provide a report on
4 the basket to the Committee on Labor and Human Re-
5 sources of the Senate and the Committee on Education
6 and the Workforce of the House of Representatives not
7 later than September 30, 2002.”.

8 **SEC. 488. PROGRAM PARTICIPATION AGREEMENTS.**

9 Section 487 (20 U.S.C. 1094) is amended—

10 (1) in subsection (a)—

11 (A) in paragraph (3)—

12 (i) by striking subparagraph (B); and

13 (ii) by redesignating subparagraphs

14 (C) and (D) as subparagraphs (B) and

15 (C), respectively;

16 (B) in paragraph (9), by striking “part B”

17 and inserting “part B or D”;

18 (C) in paragraph (14)—

19 (i) in subparagraph (A), by striking

20 “part B” and inserting “part B or D”;

21 and

22 (ii) in subparagraph (B)—

23 (I) by inserting “for-profit” after

24 “Any”;

1 (II) by striking “and any eligible
2 institution which” and inserting “or”;
3 and

4 (III) by striking “part B” and
5 inserting “part B or D”;

6 (D) in paragraph (15), by striking “State
7 review entities” and inserting “the State agen-
8 cies”; and

9 (E) by amending paragraph (21) to read
10 as follows:

11 “(21) The institution will meet the require-
12 ments established by the Secretary and accrediting
13 agencies or associations, and will provide evidence to
14 the Secretary that the institution has the authority
15 to operate within a State.”; and

16 (2) in subsection (c)—

17 (A) in paragraph (1)(A)(i), by striking
18 “State review entities referred to in” and in-
19 serting “appropriate State agency notifying the
20 Secretary under”;

21 (B) in paragraph (4), by striking “, after
22 consultation with each State review entity des-
23 ignated under subpart 1 of part H,”; and

1 (C) in paragraph (5), by striking “State
2 review entities designated” and inserting “State
3 agencies notifying the Secretary”.

4 **SEC. 489. REGULATORY RELIEF AND IMPROVEMENT.**

5 Section 487A (20 U.S.C. 1094a) is amended to read
6 as follows:

7 **“SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.**

8 “(a) **QUALITY ASSURANCE PROGRAM.—**

9 “(1) **IN GENERAL.—**The Secretary is authorized
10 to select institutions for voluntary participation in a
11 Quality Assurance Program that provides participat-
12 ing institutions with an alternative management ap-
13 proach through which individual schools develop and
14 implement their own comprehensive systems, includ-
15 ing processing and disbursement of student financial
16 aid, verification of student financial aid application
17 data, and entrance and exit interviews, thereby en-
18 hancing program integrity within the student aid de-
19 livery system. The Quality Assurance Program au-
20 thorized by this section shall be based on criteria
21 that include demonstrated institutional performance,
22 as determined by the Secretary, and shall take into
23 consideration current quality assurance goals, as de-
24 termined by the Secretary.

1 “(2) WAIVER.—The Secretary is authorized to
2 waive for any institution participating in the Quality
3 Assurance Program any regulations dealing with re-
4 porting or verification requirements in this title that
5 are addressed by the institution’s alternative man-
6 agement system, and may substitute such quality as-
7 surance reporting as the Secretary determines nec-
8 essary to ensure accountability and compliance with
9 the purposes of the programs under this title.

10 “(3) DETERMINATION.—The Secretary is au-
11 thorized to determine—

12 “(A) when an institution that is unable to
13 administer the Quality Assurance Program
14 shall be removed from such program; and

15 “(B) when institutions desiring to cease
16 participation in such program will be required
17 to complete the current award year under the
18 requirements of the Quality Assurance Pro-
19 gram.

20 “(4) REVIEW AND EVALUATION.—The Sec-
21 retary shall review and evaluate the Quality Assur-
22 ance Program conducted by each participating insti-
23 tution and, on the basis of that evaluation, make
24 recommendations regarding amendments to this Act
25 that will streamline the administration and enhance

1 the integrity of Federal student assistance programs.
2 Such recommendations shall be submitted to the
3 Committee on Labor and Human Resources of the
4 Senate and the Committee on Education and the
5 Workforce of the House of Representatives.

6 “(b) REGULATORY IMPROVEMENT AND STREAMLIN-
7 ING EXPERIMENTS.—

8 “(1) IN GENERAL.—The Secretary shall review
9 and evaluate the experience of institutions partici-
10 pating as experimental sites during the period of
11 1993 through 1998 under this section (as such sec-
12 tion was in effect on the day before the date of en-
13 actment of the Higher Education Amendments of
14 1998), and shall submit a report based on this re-
15 view and evaluation to the Committee on Labor and
16 Human Resources of the Senate and the Committee
17 on Education and the Workforce of the House of
18 Representatives not later than 6 months after the
19 enactment of the Higher Education Amendments of
20 1998. Such report shall include—

21 “(A) a list of participating institutions and
22 the specific statutory or regulatory waivers
23 granted to each institution;

1 “(B) the findings and conclusions reached
2 regarding each of the experiments conducted;
3 and

4 “(C) recommendations for amendments to
5 improve and streamline this Act, based on the
6 results of the experiment.

7 “(2) SELECTION.—

8 “(A) IN GENERAL.—The Secretary is au-
9 thorized to select a limited number of institu-
10 tions for voluntary participation as experi-
11 mental sites to provide recommendations to the
12 Secretary on the impact and effectiveness of
13 proposed regulations or new management initia-
14 tives, except that additional institutions may
15 not be selected by the Secretary until the report
16 required by subsection (b)(1) has been submit-
17 ted to Congress.

18 “(B) CONSULTATION.—Prior to approving
19 any additional experimental sites, the Secretary
20 shall consult with the Committee on Labor and
21 Human Resources of the Senate and the Com-
22 mittee on Education and the Workforce of the
23 House of Representatives and shall provide—

24 “(i) a list of institutions proposed for
25 participation in the experiment and the

1 specific statutory or regulatory waivers
2 proposed to be granted to each institution;

3 “(ii) the objectives to be achieved
4 through the experiment; and

5 “(iii) the period of time over which
6 the experiment is to be conducted.

7 “(C) WAIVERS.—The Secretary is author-
8 ized to waive, for any institution participating
9 as an experimental site under subparagraph
10 (A), any requirements in this title, or regula-
11 tions prescribed under this title, that will bias
12 experimental results.

13 “(c) DEFINITIONS.—For purposes of this section, the
14 term ‘current award year’ is defined as the award year
15 during which the participating institution indicates the in-
16 stitution’s intention to cease participation.”

17 **SEC. 489A. DISTANCE EDUCATION DEMONSTRATION PRO-**
18 **GRAMS.**

19 Part G (20 U.S.C. 1088 et seq.) is amended by in-
20 serting after section 487B (20 U.S.C. 1094a) the follow-
21 ing:

22 **“SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PRO-**
23 **GRAMS.**

24 “(a) PURPOSE.—It is the purpose of this section—

1 “(1) to allow demonstration programs that are
2 strictly monitored by the Department to test the
3 quality and viability of expanded distance education
4 programs currently restricted under this Act;

5 “(2) to help determine the specific statutory
6 and regulatory requirements which should be altered
7 to provide greater access to high quality distance
8 education programs; and

9 “(3) to help determine the appropriate level of
10 Federal assistance for students enrolled in distance
11 education programs.

12 “(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

13 “(1) IN GENERAL.—The Secretary, in accord-
14 ance with the provisions of subsection (d), is author-
15 ized to select institutions of higher education or con-
16 sortia of such institutions for voluntary participation
17 in a Distance Education Demonstration Program
18 that provides participating institutions with the abil-
19 ity to offer distance education programs that do not
20 meet all or a portion of the sections or regulations
21 described in paragraph (2).

22 “(2) WAIVERS.—The Secretary is authorized to
23 waive, for any institution or consortia participating
24 in a Distance Education Demonstration Program, 1
25 or more of the requirements of section 472(5) as the

1 section relates to computer costs, sections 472(10),
2 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more
3 of the regulations prescribed for distance education
4 under part F or G.

5 “(3) SPECIAL RULE.—An institution of higher
6 education, as defined in section 481(a), is eligible to
7 participate in the demonstration program authorized
8 under this section if such institution awards a de-
9 gree, except that—

10 “(A) such institutions that are described in
11 section 481(a)(1)(C) shall not be eligible to par-
12 ticipate; and

13 “(B) subject to subparagraph (A), such in-
14 stitutions that meet the requirements of sub-
15 section (a) of section 481, other than the re-
16 quirements of paragraph (3)(A) or (3)(B) of
17 such subsection, shall be eligible to participate.

18 “(c) APPLICATION.—

19 “(1) IN GENERAL.—Each institution or consor-
20 tia of institutions desiring to participate in a dem-
21 onstration program under this section shall submit
22 an application to the Secretary at such time and in
23 such manner as the Secretary may require.

24 “(2) CONTENTS.—Each application shall in-
25 clude—

1 “(A) a description of the institution or
2 consortium’s consultation with a recognized ac-
3 crediting agency or association with respect to
4 quality assurances for the distance education
5 programs to be offered;

6 “(B) a description of the statutory and
7 regulatory requirements described in subsection
8 (b)(2) for which a waiver is sought and the rea-
9 sons for which the waiver is sought;

10 “(C) a description of the distance edu-
11 cation programs to be offered;

12 “(D) a description of the students to whom
13 distance education programs will be offered;

14 “(E) an assurance that the institution or
15 consortium will offer full cooperation with the
16 ongoing evaluations of the demonstration pro-
17 gram provided for in this section; and

18 “(F) such other information as the Sec-
19 retary may require.

20 “(d) SELECTION.—The Secretary is authorized to se-
21 lect not more than 5 institutions or consortia to partici-
22 pate in the initial year of the demonstration program au-
23 thorized under this section. If expansion of the demonstra-
24 tion program can be supported on the basis of the evalua-
25 tions conducted pursuant to subsections (f) and (g), the

1 Secretary may select not more than 10 additional institu-
2 tions or consortia, taking into account the number and
3 quality of applications received and the Department's ca-
4 pacity to oversee and monitor each demonstration pro-
5 gram. To the extent feasible, the Secretary shall select a
6 representative sample of institutions for participation. In
7 selecting institutions for participation, the Secretary shall
8 take into consideration the institution's financial and ad-
9 ministrative capability and the type of program or pro-
10 grams being offered via distance education course offer-
11 ings.

12 “(e) NOTIFICATION.—The Secretary shall make
13 available to the public and to the Committee on Labor and
14 Human Resources of the Senate and the Committee on
15 Education and the Workforce of the House of Representa-
16 tives a list of institutions or consortia selected to partici-
17 pate in the demonstration program authorized by this sec-
18 tion. Such notice shall include a listing of the specific stat-
19 utory and regulatory requirements being waived for each
20 institution or consortia and a description of the distance
21 education courses to be offered.

22 “(f) EVALUATIONS AND REPORTS.—

23 “(1) EVALUATION.—The Secretary, on an an-
24 nual basis, shall evaluate the demonstration pro-

1 grams authorized under this section. Such evalua-
2 tions shall specifically review—

3 “(A) the number and types of students
4 participating in the programs being offered, in-
5 cluding the progress of participating students
6 toward recognized associate, bachelor’s, or
7 graduate degrees, and the degree to which par-
8 ticipation in such programs increased;

9 “(B) issues related to student financial as-
10 sistance for distance education; and

11 “(C) the extent to which statutory or regu-
12 latory requirements not waived under the dem-
13 onstration program present difficulties for stu-
14 dents or institutions.

15 “(2) POLICY ANALYSIS.—In addition, the Sec-
16 retary shall review current policies and identify those
17 policies which present impediments to the develop-
18 ment and use of distance learning and other non-
19 traditional methods of expanding access to edu-
20 cation.

21 “(3) REPORTS.—

22 “(A) IN GENERAL.—Within 18 months of
23 the initiation of the demonstration program, the
24 Secretary shall report to the Committee on
25 Labor and Human Resources of the Senate and

1 and the Committee on Education and the
2 Workforce of the House of Representatives with
3 respect to—

4 “(i) the evaluations of the demonstra-
5 tion programs authorized under this sec-
6 tion; and

7 “(ii) any proposed statutory changes
8 designed to enhance the use of distance
9 education.

10 “(B) ADDITIONAL REPORTS.—The Sec-
11 retary shall provide additional reports to the
12 Committee on Labor and Human Resources of
13 the Senate and the Committee on Education
14 and the Workforce of the House of Representa-
15 tives on an annual basis regarding the dem-
16 onstration programs authorized under this sec-
17 tion.

18 “(g) INDEPENDENT EVALUATION.—

19 “(1) IN GENERAL.—The Secretary shall enter
20 into a contract with the National Academy of
21 Sciences to study the quality of and student learning
22 outcomes in distance education programs. Such
23 study shall include—

24 “(A) identification of the elements by
25 which quality in distance education can be as-

1 sessed, such as subject matter, interactivity,
2 and student outcomes; and

3 “(B) identification of the types of students
4 which can most benefit from distance education
5 in areas such as access to higher education,
6 persistence, and graduation.

7 “(2) SCOPE.—Such study shall include distance
8 education programs offered by the institutions or
9 consortia participating in the demonstration pro-
10 gram authorized by this section, as well as the dis-
11 tance education programs offered by other institu-
12 tions.

13 “(3) INTERIM AND FINAL REPORTS.—The Sec-
14 retary shall request that the National Academy of
15 Sciences submit an interim report to the Secretary,
16 the Committee on Labor and Human Resources of
17 the Senate, and the Committee on Education and
18 the Workforce of the House of Representatives not
19 later than December 31, 2000, and a final report
20 not later than December 31, 2002, regarding the
21 study.

22 “(4) FUNDING.—The Secretary shall make
23 available not more than \$1,000,000 for the study re-
24 quired by this subsection.

1 “(h) OVERSIGHT.—In conducting the demonstration
2 program authorized under this section, the Secretary
3 shall, on a continuing basis—

4 “(1) assure compliance of institutions or con-
5 sortia with the requirements of this title (other than
6 the sections and regulations that are waived under
7 subsection (b)(2));

8 “(2) provide technical assistance;

9 “(3) monitor fluctuations in the student popu-
10 lation enrolled in the participating institutions or
11 consortia; and

12 “(4) consult with appropriate accrediting agen-
13 cies or associations and appropriate State regulatory
14 authorities.

15 “(i) DEFINITION.—For the purpose of this section,
16 the term ‘distance learning’ means an educational process
17 that is characterized by the separation, in time or place,
18 between instructor and student. Distance learning may in-
19 clude courses offered principally through the use of—

20 “(1) television, audio, or computer trans-
21 mission, such as open broadcast, closed circuit,
22 cable, microwave, or satellite transmission;

23 “(2) audio or computer conferencing;

24 “(3) video cassettes or discs; or

25 “(4) correspondence.”.

1 **SEC. 489B. ADVISORY COMMITTEE ON STUDENT FINANCIAL**
2 **ASSISTANCE.**

3 Section 491 (20 U.S.C. 1098) is amended—

4 (1) in subsection (b)—

5 (A) in the second sentence, by striking
6 “and expenditures” and inserting “, expendi-
7 tures and staffing levels”; and

8 (B) by inserting after the third sentence
9 the following: “Reports, publications, and other
10 documents, including such reports, publications,
11 and documents in electronic form, shall not be
12 subject to review by the Secretary.”;

13 (2) in subsection (e)—

14 (A) by redesignating paragraphs (3), (4),
15 and (5), as paragraphs (4), (5), and (6), re-
16 spectively; and

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

19 “(3) No officers or full-time employees of the
20 Federal Government shall serve as members of the
21 Advisory Committee.”;

22 (3) in subsection (g), by striking “(1) Mem-
23 bers” and all that follows through “of the United
24 States may” and inserting “Members of the Advi-
25 sory Committee may”;

26 (4) in subsection (h)(1)—

1 (A) by inserting “determined” after “as
2 may be”; and

3 (B) by adding at the end the following:
4 “The Advisory Committee may appoint not
5 more than 1 full-time equivalent, nonperma-
6 nent, consultant without regard to the provi-
7 sions of title 5, United States Code. The Advi-
8 sory Committee shall not be required by the
9 Secretary to reduce personnel to meet agency
10 personnel reduction goals.”;

11 (5) in subsection (i), by striking “\$750,000”
12 and inserting “\$800,000”;

13 (6) by amending subsection (j) to read as fol-
14 lows:

15 “(j) SPECIAL ANALYSES AND ACTIVITIES.—The Ad-
16 visory Committee shall—

17 “(1) monitor and evaluate the modernization of
18 student financial aid systems and delivery processes,
19 including the implementation of a performance-based
20 organization within the Department, and report to
21 Congress regarding such modernization on not less
22 than an annual basis, including recommendations for
23 improvement;

24 “(2) assess the adequacy of current methods for
25 disseminating information about programs under

1 this title and recommend improvements, as appro-
2 priate, regarding early needs assessment and infor-
3 mation for first-year secondary school students;

4 “(3) assess and make recommendations con-
5 cerning the feasibility and degree of use of appro-
6 priate technology in the application for, and delivery
7 and management of, financial assistance under this
8 title, as well as policies that promote use of such
9 technology to reduce cost and enhance service and
10 program integrity, including electronic application
11 and reapplication, just-in-time delivery of funds, re-
12 porting of disbursements and reconciliation;

13 “(4) assess the implications of distance learning
14 on student eligibility and other requirements for fi-
15 nancial assistance under this title, and make rec-
16 ommendations that will enhance access to post-
17 secondary education through distance learning while
18 maintaining access, through on-campus instruction
19 at eligible institutions, and program integrity; and

20 “(5) make recommendations to the Secretary
21 regarding redundant or outdated provisions of and
22 regulations under this Act, consistent with the Sec-
23 retary’s requirements under section 498A(b)(3).”;

24 (7) in subsection (k), by striking “1998” and
25 inserting “2004”; and

1 (8) by repealing subsection (l).

2 **SEC. 489C. REGIONAL MEETINGS AND NEGOTIATED RULE-**
3 **MAKING.**

4 Section 492 (20 U.S.C. 1098a) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (1)—

7 (i) by inserting “, after the enactment
8 of each Act to reauthorize this Act that
9 contains an amendment to this title,” after
10 “The Secretary”; and

11 (ii) by inserting “D,” after “B,”; and

12 (B) in paragraph (2)—

13 (i) by inserting “D,” after “B,”; and

14 (ii) by striking “1992” and inserting
15 “1998, and for the implementation of this
16 title as amended by each Act to reauthor-
17 ize this Act enacted after the date of en-
18 actment of the Higher Education Amend-
19 ments of 1998 that contains an amend-
20 ment to this title”; and

21 (2) in subsection (b)—

22 (A) by striking “After” and inserting the
23 following:

24 “(1) IN GENERAL.—After”;

1 (B) in paragraph (1) (as redesignated by
2 subparagraph (A))—

3 (i) by inserting “D,” after “B,”; and

4 (ii) by striking “1992” and inserting
5 “1998, and for the implementation of this
6 title as amended by each Act to reauthor-
7 ize this Act enacted after the date of en-
8 actment of the Higher Education Amend-
9 ments of 1998 that contains an amend-
10 ment to this title,”; and

11 (C) by adding at the end the following:

12 “(2) EXPANSION OF NEGOTIATED RULEMAKING
13 IN STUDENT LOAN PROGRAMS.—All regulations per-
14 taining to the student assistance programs in parts
15 B, D, G, and H, that are promulgated after the date
16 of enactment of this paragraph, shall be subject to
17 the negotiated rulemaking process, unless the Sec-
18 retary determines that exceptional circumstances
19 exist making negotiated rulemaking impractical with
20 respect to given regulations and publishes the basis
21 for such determination in the Federal Register at
22 the same time as the proposed regulations in ques-
23 tions are first published. All published proposed reg-
24 ulations shall conform, unless impracticable, to
25 agreements resulting from such negotiated rule-

1 making. Such negotiated rulemaking shall be con-
2 ducted in accordance with the provisions of para-
3 graph (1).”.

4 **PART H—PROGRAM INTEGRITY TRIAD**

5 **SEC. 491. STATE ROLE AND RESPONSIBILITIES.**

6 Subpart 1 of part H of title IV (20 U.S.C. 1099a
7 et seq.) is amended to read as follows:

8 **“Subpart 1—State Role**

9 **“SEC. 495. STATE RESPONSIBILITIES.**

10 “(a) STATE RESPONSIBILITIES.—As part of the in-
11 tegrity program authorized by this part, each State,
12 through 1 State agency or several State agencies selected
13 by the State, shall—

14 “(1) furnish the Secretary, upon request, infor-
15 mation with respect to the process for licensing or
16 other authorization for institutions of higher edu-
17 cation to operate within the State;

18 “(2) notify the Secretary promptly whenever
19 the State revokes a license or other authority to op-
20 erate an institution of higher education; and

21 “(3) notify the Secretary promptly whenever
22 the State has credible evidence that an institution of
23 higher education within the State—

1 “(A) has committed fraud in the adminis-
2 tration of the student assistance programs au-
3 thorized by this title; or

4 “(B) has substantially violated a provision
5 of this title.

6 “(b) INSTITUTIONAL RESPONSIBILITY.—Each insti-
7 tution of higher education shall provide evidence to the
8 Secretary that the institution has authority to operate
9 within a State at the time the institution is certified under
10 subpart 3.”.

11 **SEC. 492. ACCREDITING AGENCY RECOGNITION.**

12 (a) AMENDMENTS TO HEADINGS.—Subpart 2 of part
13 H of title IV (20 U.S.C. 1099b et seq.) is amended—

14 (1) in the subpart heading, by striking “**Ap-**
15 **proval**” and inserting “**Recognition**”; and

16 (2) in the heading for section 496, by striking
17 “**APPROVAL**” and inserting “**RECOGNITION**”.

18 (b) RECOGNITION OF ACCREDITING AGENCY OR AS-
19 SOCIATION.—Section 496 (20 U.S.C. 1099b) is amend-
20 ed—

21 (1) in the heading for subsection (a), by strik-
22 ing “**STANDARDS**” and inserting “**CRITERIA**”;

23 (2) in subsection (a)—

1 (A) in the matter preceding paragraph (1),
2 by striking “standards” each place the term ap-
3 pears and inserting “criteria”;

4 (B) in paragraph (4)—

5 (i) by striking “at the institution” and
6 inserting “offered by the institution”; and

7 (ii) by inserting “, including distance
8 education courses or programs,” after
9 “higher education”; and

10 (C) in paragraph (5)—

11 (i) by striking subparagraph (I);

12 (ii) by redesignating subparagraphs
13 (A) through (H) as subparagraphs (B)
14 through (I), respectively;

15 (iii) by inserting before subparagraph
16 (B) the following:

17 “(A) success with respect to student
18 achievement in relation to the institution’s mis-
19 sion, including, as appropriate, consideration of
20 course completion, State licensing examination,
21 and job placement rates;”;

22 (iv) in subparagraph (I) (as redesign-
23 ated by clause (ii)), by striking “in clock
24 hours or credit hours”; and

25 (v) in subparagraph (L)—

1 (I) by inserting “record of” be-
2 fore “compliance”;

3 (II) by striking “Act, including
4 any” and inserting “Act based on
5 the”;

6 (III) by inserting “any” after
7 “reviews, and”; and

8 (IV) in the matter following sub-
9 paragraph (L), by striking “(G),”;

10 (3) by amending paragraph (1) of subsection (l)
11 to read as follows: “(1)(A)(i) If the Secretary deter-
12 mines that an accrediting agency or association has
13 failed to apply effectively the standards in this sec-
14 tion, or is otherwise not in compliance with the re-
15 quirements of this section, the Secretary shall—

16 “(I) after notice and opportunity for a
17 hearing, limit, suspend, or terminate the ap-
18 proval of the agency or association; or

19 “(II) require the agency or association to
20 take appropriate action to bring the agency or
21 association into compliance with such require-
22 ments within a timeframe specified by the Sec-
23 retary, except that—

1 “(aa) such timeframe shall not exceed
2 12 months unless the Secretary extends
3 such period for good cause; and

4 “(bb) if the agency or association fails
5 to bring the agency or association into
6 compliance within such timeframe, the Sec-
7 retary shall, after notice and opportunity
8 for a hearing, limit, suspend, or terminate
9 the approval of the agency or association.”;
10 and

11 (4) in subsection (n)(3), by adding at the end
12 the following: “When the Secretary decides to recog-
13 nize an accrediting agency or association, the Sec-
14 retary shall determine the agency or association’s
15 scope of recognition. If the agency or association re-
16 views institutions offering distance education courses
17 or programs and the Secretary determines that the
18 agency or association meets the requirements of this
19 section, then the agency shall be recognized and the
20 scope of recognition shall include accreditation of in-
21 stitutions offering distance education courses or pro-
22 grams.”.

23 **SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

24 (a) SINGLE APPLICATION FORM.—Section 498(b)
25 (20 U.S.C. 1099c(b)) is amended—

1 (1) in paragraph (1), by striking “and capabil-
2 ity” and inserting “financial responsibility, and ad-
3 ministrative capability”;

4 (2) by amending paragraph (3) to read as fol-
5 lows:

6 “(3) requires—

7 “(A) a description of the third party
8 servicers of an institution of higher education;
9 and

10 “(B) the institution to maintain a copy of
11 any contract with a financial aid service pro-
12 vider or loan servicer, and provide a copy of any
13 such contract to the Secretary upon request;”;

14 (3) in paragraph (4), by striking the period and
15 inserting “; and”; and

16 (4) by adding at the end the following:

17 “(5) provides, at the option of the institution,
18 for participation in 1 or more of the programs under
19 part B.”.

20 (b) FINANCIAL RESPONSIBILITY STANDARDS.—Sec-
21 tion 498(c) (20 U.S.C. 1099c(c)) is amended—

22 (1) in paragraph (2), by striking “with respect
23 to operating losses, net worth, asset to liabilities ra-
24 tios, or operating fund deficits” and inserting “re-

1 garding ratios that demonstrate financial respon-
2 sibility,”;

3 (2) in paragraph (3)(A), by striking “Secretary
4 third party” and all that follows through “payable to
5 the Secretary” and inserting “Secretary any third
6 party guarantees, which the Secretary determines
7 are reasonable, that”; and

8 (3) in paragraph (4)—

9 (A) in the matter preceding subparagraph
10 (A), by striking “ratio of current assets to cur-
11 rent liabilities” and inserting “criteria”; and

12 (B) in subparagraph (C), by striking “cur-
13 rent operating ratio requirement” and inserting
14 “criteria”.

15 (c) FINANCIAL GUARANTEES FROM OWNERS.—Sec-
16 tion 498(e) (20 U.S.C. 1099c(e)) is amended—

17 (1) in the subsection heading, by inserting “OF
18 FOR-PROFIT INSTITUTIONS” after “OWNERS”;

19 (2) in paragraph (1)(A), by inserting “from an”
20 and inserting “from a for-profit”;

21 (3) in paragraph (2)—

22 (A) in the matter preceding clause (i) of
23 subparagraph (A), by inserting “for-profit”
24 after “or more”;

1 (B) in subparagraph (B), by inserting
2 “for-profit” after “or more”; and

3 (4) in paragraph (3), by striking “operation of,
4 an institution or” and inserting “operation of, a for-
5 profit institution or the”.

6 (d) APPLICATIONS AND SITE VISITS.—Section 498(f)
7 (20 U.S.C. 1099c(f)) is amended—

8 (1) in the subsection heading by striking “;
9 SITE VISITS AND FEES” and inserting “AND SITE
10 VISITS”;

11 (2) in the second sentence, by striking “shall”
12 and inserting “may”;

13 (3) in the third sentence, strike “may” and in-
14 sert “shall”; and

15 (4) by striking the fourth sentence.

16 (e) TIME LIMITATIONS ON, AND RENEWAL OF, ELI-
17 GIBILITY.—Subsection (g) of section 498 (20 U.S.C.
18 1099c) is amended to read as follows:

19 “(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELI-
20 GIBILITY.—

21 “(1) GENERAL RULE.—After the expiration of
22 the certification of any institution under the sched-
23 ule prescribed under this section (as in effect prior
24 to the enactment of the Higher Education Act
25 Amendments of 1998), or upon request for initial

1 certification from an institution not previously cer-
2 tified, the Secretary may certify the eligibility for
3 the purposes of any program authorized under this
4 title of each such institution for a period not to ex-
5 ceed 6 years.

6 “(2) NOTIFICATION.—The Secretary shall no-
7 tify each institution of higher education not later
8 than 6 months prior to the date of the expiration of
9 the institution’s certification.

10 “(3) INSTITUTIONS OUTSIDE THE UNITED
11 STATES.—The Secretary shall promulgate regula-
12 tions regarding the recertification requirements ap-
13 plicable to an institution of higher education outside
14 of the United States that meets the requirements of
15 section 481(a)(1)(C) and received less than
16 \$500,000 in funds under part B for the most recent
17 year for which data are available.

18 (f) PROVISIONAL CERTIFICATION.—Section 498(h)
19 (20 U.S.C. 1099c(h)) is amended—

20 (1) in paragraph (1)(B)(ii), by striking “an eli-
21 gible” and inserting “a for-profit eligible”; and

22 (2) in paragraph (2), by striking “the ap-
23 proval” and inserting “the recognition”.

24 (g) TREATMENT OF CHANGES OF OWNERSHIP.—Sec-
25 tion 498(i) (20 U.S.C. 1099c(i)) is amended—

1 (1) in the subsection heading, by inserting “OF
2 FOR-PROFIT INSTITUTIONS” after “OWNERSHIP”;
3 and

4 (2) in paragraph (2)—

5 (A) in subparagraph (A), by inserting “for-
6 profit” before “institution”;

7 (B) in subparagraph (C), by striking
8 “two” and inserting “a for-profit institution
9 with one”;

10 (C) in subparagraph (D), by inserting
11 “for-profit” before “institutions”;

12 (D) in subparagraph (E), by inserting
13 “for-profit” before “institutions”; and

14 (E) in subparagraph (F), by inserting
15 “for-profit” before “institution”.

16 (h) TREATMENT OF BRANCHES.—The second sen-
17 tence of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is
18 amended by inserting “after the branch is certified by the
19 Secretary as a branch campus participating in a program
20 under title IV,” after “2 years”.

21 **SEC. 494. PROGRAM REVIEW AND DATA.**

22 Section 498A (20 U.S.C. 1099c–1) is amended—

23 (1) in subsection (a)—

24 (A) in paragraph (2)—

1 (i) in the matter preceding subpara-
2 graph (A), by striking “may” and inserting
3 “shall”;

4 (ii) by amending subparagraph (C) to
5 read as follows:

6 “(C) institutions with a significant fluctua-
7 tion in Federal Stafford Loan volume, Federal
8 Direct Stafford/Ford Loan volume, or Federal
9 Pell Grant award volume, or any combination
10 thereof, in the year for which the determination
11 is made, compared to the year prior to such
12 year, that are not accounted for by changes in
13 the Federal Stafford Loan program, the Fed-
14 eral Direct Stafford/Ford Loan program, or the
15 Pell Grant program, or any combination there-
16 of;”;

17 (iii) by amending subparagraph (D) to
18 read as follows:

19 “(D) institutions reported to have defi-
20 ciencies or financial aid problems by the State
21 licensing or authorizing agency, or by the ap-
22 propriate accrediting agency or association;”;

23 (iv) in subparagraph (E), by inserting
24 “and” after the semicolon; and

1 (v) by striking subparagraphs (F) and
2 (G), and inserting the following:

3 “(F) such other institutions that the Sec-
4 retary determines may pose a significant risk of
5 failure to comply with the administrative capa-
6 bility or financial responsibility provisions of
7 this title; and”;

8 (B) in paragraph (3)(A), by inserting “rel-
9 evant” after “all”; and

10 (2) by amending subsection (b) to read as fol-
11 lows:

12 “(b) SPECIAL ADMINISTRATIVE RULES.—

13 “(1) IN GENERAL.—In carrying out paragraphs
14 (1) and (2) of subsection (a) and any other relevant
15 provisions of this title, the Secretary shall—

16 “(A) establish guidelines designed to en-
17 sure uniformity of practice in the conduct of
18 program reviews of institutions of higher edu-
19 cation;

20 “(B) make available to each institution
21 participating in programs authorized under this
22 title complete copies of all review guidelines and
23 procedures used in program reviews;

24 “(C) permit the institution to correct or
25 cure an administrative, accounting, or record-

1 keeping error if the error is not part of a pat-
2 tern of error and there is no evidence of fraud
3 or misconduct related to the error;

4 “(D) base any civil penalty assessed
5 against an institution of higher education re-
6 sulting from a program review or audit on the
7 gravity of the violation, failure, or misrepresen-
8 tation; and

9 “(E) inform the appropriate State and ac-
10 crediting agency or association whenever the
11 Secretary takes action against an institution of
12 higher education under this section, section
13 498, or section 432.

14 “(2) UNIFORMITY OF APPLICATION OF REGULA-
15 TIONS.—The Secretary shall review the regulations
16 of the Department and the application of such regu-
17 lations to ensure the uniformity of interpretation
18 and application of the regulations.

19 “(3) NONDUPLICATION AND COORDINATION.—
20 The Secretary shall establish a process for ensuring
21 that eligibility and compliance issues, such as insti-
22 tutional audit, program review, and recertification,
23 are considered simultaneously, and shall establish a
24 process for identifying unnecessary duplication of re-
25 porting and related regulatory requirements. In de-

1 veloping such processes, the Secretary shall consult
 2 with relevant representatives of institutions partici-
 3 pating in the programs authorized by this title.”.

4 **PART I—ADMINISTRATIVE PROVISIONS FOR**
 5 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**

6 **SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE**
 7 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
 8 **ASSISTANCE.**

9 Title IV (20 U.S.C. 1070 et seq.) is amended by add-
 10 ing at the end the following:

11 **“PART I—ADMINISTRATIVE PROVISIONS FOR**
 12 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**
 13 **“SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE**
 14 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
 15 **ASSISTANCE.**

16 “(a) ESTABLISHMENT.—The Secretary shall estab-
 17 lish in the Department a performance-based organization
 18 (hereafter in this part referred to as the ‘PBO’) to admin-
 19 ister various functions relating to student financial assist-
 20 ance programs authorized under this title.

21 “(b) OVERSIGHT AND AUTHORITY.—

22 “(1) POLICY OVERSIGHT AND DIRECTION.—The
 23 Secretary shall maintain responsibility for the policy
 24 relating to functions managed by the PBO, and the

1 PBO shall remain subject to the Secretary’s over-
2 sight and direction.

3 “(2) AUDITS AND REVIEW.—The PBO shall be
4 subject to the usual and customary Federal audit
5 procedures and to review by the Inspector General
6 of the Department.

7 “(3) CHANGES.—

8 “(A) IN GENERAL.—The Secretary and the
9 Chief Operating Officer shall consult concerning
10 the effects of policy, market, or other changes
11 on the ability of the PBO to achieve the goals
12 and objectives established in the performance
13 plan described in subsection (e).

14 “(B) REVISIONS TO AGREEMENT.—The
15 Secretary and the Chief Operating Officer may
16 revise the annual performance agreement de-
17 scribed in subsection (f)(2) in light of policy,
18 market, or other changes that occur after the
19 Secretary and the PBO enter into the agree-
20 ment.

21 “(c) PURPOSES OF PBO.—The purposes of the PBO
22 are—

23 “(1) to improve service to students and other
24 participants in the student financial assistance pro-
25 grams authorized under this title, including making

1 those programs more understandable to students
2 and their parents;

3 “(2) to reduce the costs of administering those
4 programs;

5 “(3) to increase the accountability of the offi-
6 cials responsible for administering those programs;

7 “(4) to provide greater flexibility in the admin-
8 istration of those programs;

9 “(5) to improve and integrate the information
10 and delivery systems that support those programs;
11 and

12 “(6) to develop and maintain a student finan-
13 cial assistance system that contains complete, accu-
14 rate, and timely data to ensure program integrity.

15 “(d) FUNCTIONS.—

16 “(1) IN GENERAL.—Subject to subsection (b) of
17 this section, the PBO shall be responsible for admin-
18 istration of the information and financial systems
19 that support student financial assistance programs
20 authorized under this title, including—

21 “(A) collecting, processing, and transmit-
22 ting applicant data to students, institutions,
23 and authorized third parties, as provided for in
24 section 483;

1 “(B) contracting for the information and
2 financial systems supporting student financial
3 assistance programs under this title;

4 “(C) developing technical specifications for
5 software and systems that support those pro-
6 grams; and

7 “(D) providing all customer service, train-
8 ing, and user support related to systems that
9 support those programs.

10 “(2) ADDITIONAL FUNCTIONS.—The Secretary
11 may allocate to the PBO such additional functions
12 as the Secretary determines necessary or appropriate
13 to achieve the purposes of the PBO.

14 “(e) PERFORMANCE PLAN AND REPORT.—

15 “(1) PERFORMANCE PLAN.—

16 “(A) IN GENERAL.—Each year, the Sec-
17 retary and Chief Operating Officer shall agree
18 on, and make available to the public, a perform-
19 ance plan for the PBO for the succeeding 5
20 years that establishes measurable goals and ob-
21 jectives for the organization.

22 “(B) CONSULTATION.—In developing the
23 5-year performance plan, the Secretary and the
24 Chief Operating Officer shall consult with stu-
25 dents, institutions of higher education, Con-

1 gress, lenders, and other interested parties not
2 less than 30 days prior to the implementation
3 of the performance plan.

4 “(C) AREAS.—The plan shall address the
5 PBO’s responsibilities in the following areas:

6 “(i) IMPROVING SERVICE.—Improving
7 service to students and other participants
8 in student financial aid programs author-
9 ized under this title, including making
10 those programs more understandable to
11 students and their parents.

12 “(ii) REDUCING COSTS.—Reducing
13 the costs of administering those programs.

14 “(iii) IMPROVEMENT AND INTEGRA-
15 TION OF SUPPORT SYSTEMS.—Improving
16 and integrating the information and deliv-
17 ery systems that support those programs.

18 “(iv) DELIVERY AND INFORMATION
19 SYSTEM.—Developing an open, common,
20 and integrated delivery and information
21 system for programs authorized under this
22 title.

23 “(v) OTHER AREAS.—Any other areas
24 identified by the Secretary.

1 “(2) ANNUAL REPORT.—Each year, the Chief
2 Operating Officer shall prepare and submit to Con-
3 gress, through the Secretary, an annual report on
4 the performance of the PBO, including an evaluation
5 of the extent to which the PBO met the goals and
6 objectives contained in the 5-year performance plan
7 described in paragraph (1) for the preceding year.

8 “(f) CHIEF OPERATING OFFICER.—

9 “(1) APPOINTMENT.—

10 “(A) IN GENERAL.—The management of
11 the PBO shall be vested in a Chief Operating
12 Officer who shall be appointed by the Secretary
13 to a term of not less than 3 and not more than
14 5 years and compensated without regard to
15 chapters 33, 51, and 53 of title 5, United
16 States Code.

17 “(B) BASIS.—The appointment shall be
18 made on the basis of demonstrated ability in
19 management and experience in information
20 technology or financial services, without regard
21 to political affiliation or activity.

22 “(C) REAPPOINTMENT.—The Secretary
23 may reappoint the Chief Operating Officer to
24 subsequent terms of not less than 3 and not
25 more than 5 years, so long as the performance

1 of the Chief Operating Officer, as set forth in
2 the performance agreement described in para-
3 graph (2), is satisfactory.

4 “(2) PERFORMANCE AGREEMENT.—

5 “(A) IN GENERAL.—Each year, the Sec-
6 retary and the Chief Operating Officer shall
7 enter into an annual performance agreement,
8 that shall set forth measurable organization and
9 individual goals for the Chief Operating Officer.

10 “(B) TRANSMITTAL.—The final agreement
11 shall be transmitted to the Committee on Edu-
12 cation and the Workforce of the House of Rep-
13 resentatives and the Committee on Labor and
14 Human Resources of the Senate, and made
15 publicly available.

16 “(3) COMPENSATION.—

17 “(A) IN GENERAL.—The Chief Operating
18 Officer is authorized to be paid at an annual
19 rate of basic pay not to exceed the maximum
20 rate of basic pay for the Senior Executive Serv-
21 ice under section 5382 of title 5, United States
22 Code, including any applicable locality-based
23 comparability payment that may be authorized
24 under section 5304(h)(2)(C) of such title.

1 “(B) BONUS.—In addition, the Chief Op-
2 erating Officer may receive a bonus in an
3 amount that does not exceed 50 percent of such
4 annual rate of basic pay, based upon the Sec-
5 retary’s evaluation of the Chief Operating Offi-
6 cer’s performance in relation to the goals set
7 forth in the performance agreement described
8 in paragraph (2).

9 “(C) PAYMENT.—Payment of a bonus
10 under this subparagraph (B) may be made to
11 the Chief Operating Officer only to the extent
12 that such payment does not cause the Chief Op-
13 erating Officer’s total aggregate compensation
14 in a calendar year to equal or exceed the
15 amount of the President’s salary under section
16 102 of title 3, United States Code.

17 “(4) REMOVAL.—The Chief Operating Officer
18 shall be removable—

19 “(A) by the President; or

20 “(B) by the Secretary for misconduct or
21 failure to meet the goals set forth in the per-
22 formance agreement described in paragraph
23 (2).

24 “(g) SENIOR MANAGEMENT.—

25 “(1) APPOINTMENT.—

1 “(A) IN GENERAL.—The Chief Operating
2 Officer may appoint such senior managers as
3 that officer determines necessary without re-
4 gard to the provisions of title 5, United States
5 Code, governing appointments in the competi-
6 tive service.

7 “(B) COMPENSATION.—The senior man-
8 agers described in subparagraph (A) may be
9 paid without regard to the provisions of chapter
10 51 and subchapter III of chapter 53 of such
11 title relating to classification and General
12 Schedule pay rates.

13 “(2) PERFORMANCE AGREEMENT.—Each year,
14 the Chief Operating Officer and each senior man-
15 ager appointed under this subsection shall enter into
16 an annual performance agreement that sets forth
17 measurable organization and individual goals.

18 “(3) COMPENSATION.—

19 “(A) IN GENERAL.—A senior manager ap-
20 pointed under this subsection may be paid at an
21 annual rate of basic pay of not more than the
22 maximum rate of basic pay for the Senior Exec-
23 utive Service under section 5382 of title 5,
24 United States Code, including any applicable lo-
25 cality-based comparability payment that may be

1 authorized under section 5304(h)(2)(C) of such
2 title 5.

3 “(B) BONUS.—In addition, a senior man-
4 ager may receive a bonus in an amount such
5 that the manager’s total annual compensation
6 does not exceed 125 percent of the maximum
7 rate of basic pay for the Senior Executive Serv-
8 ice, including any applicable locality-based com-
9 parability payment, based upon the Chief Oper-
10 ating Officer’s evaluation of the manager’s per-
11 formance in relation to the goals set forth in
12 the performance agreement described in para-
13 graph (2).

14 “(4) REMOVAL.—A senior manager shall be re-
15 movable by the Secretary or by the Chief Operating
16 Officer.

17 “(h) AUTHORIZATION OF APPROPRIATIONS.—The
18 Secretary shall allocate from funds made available under
19 section 458 such funds as are appropriate to the functions
20 assumed by the PBO. In addition, there are authorized
21 to be appropriated such sums as may be necessary to carry
22 out the purposes of this section, including transition
23 costs.”.

1 **TITLE V—GRADUATE AND POST-**
2 **SECONDARY IMPROVEMENT**
3 **PROGRAMS**

4 **SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.**

5 (a) IN GENERAL.—Title V (20 U.S.C. 1101 et seq.)
6 is amended—

7 (1) by amending the title heading to read as
8 follows:

9 **“TITLE V—GRADUATE AND**
10 **POSTSECONDARY IMPROVE-**
11 **MENT PROGRAMS”**;

12 (2) by repealing parts A, B, C, D, E, and F of
13 title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104
14 et seq., 1107 et seq., 1111 et seq., and 1113 et
15 seq.);

16 (3) by transferring part C of title IX, part D
17 of title IX, part A of title XI, and part A of title
18 X (20 U.S.C. 1134h et seq., 1134l et seq., 1136 et
19 seq., and 1135 et seq.) to title V and redesignating
20 such parts as parts A, B, C, and D, respectively;

21 (4) by redesignating sections 931 through 935
22 (20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as
23 sections 511 through 515, respectively;

1 (5) by redesignating sections 941 through 947
2 (20 U.S.C. 1134l and 1134q-1) as section 521
3 through 527, respectively;

4 (6) by redesignating sections 1101 through
5 1109 (20 U.S.C. 1136 through 1136h) as sections
6 531 through 539, respectively; and

7 (7) by redesignating sections 1001, 1002, 1003,
8 1004, and 1011 (20 U.S.C. 1135, 1135a-1, 1135a-
9 2, 1135a-3, and 1135a-11) as sections 541, 542,
10 543, 544, and 551, respectively.

11 (b) CROSS REFERENCE CONFORMING AMEND-
12 MENTS.—

13 (1) JACOB K. JAVITS FELLOWSHIP PROGRAM.—
14 Section 514(a) (as redesignated by subsection
15 (a)(4)) (20 U.S.C. 1134k(a)) is amended by striking
16 “933” and inserting “513”.

17 (2) GRADUATE ASSISTANCE IN AREAS OF NA-
18 TIONAL NEED.—Part B of title V (as redesignated
19 by paragraphs (3) and (5) of subsection (a)) (20
20 U.S.C. 1134l et seq.) is amended—

21 (A) in section 524(b)(7) (as redesignated
22 by subsection (a)(5)) (20 U.S.C. 1134o(b)(7)),
23 by striking “945” and inserting “525”; and

24 (B) in section 525(c) (as redesignated by
25 subsection (a)(5)) (20 U.S.C. 1134p(c))—

1 (i) by striking “946(a)” and inserting
2 “526(a)”;

3 (ii) by striking “944(b)(2)” and in-
4 serting “524(b)(2)”.

5 (3) URBAN AND COMMUNITY SERVICE.—Part C
6 of title V (as redesignated by paragraphs (3) and (6)
7 of subsection (a)) (20 U.S.C. 1136 et seq.) is
8 amended—

9 (A) in section 532(b) (20 U.S.C.
10 1136a(b)), by striking “1104” and inserting
11 “534”;

12 (B) in section 534(12) (20 U.S.C.
13 1136c(12)), by striking “1103(a)(2)(B)” and
14 inserting “533(a)(2)(B)”;

15 (C) in section 538(1) (20 U.S.C.
16 1136g(1)), by striking “1103” and inserting
17 “533”.

18 (4) FIPSE.—Subsections (b) and (c) of section
19 544 (as redesignated by subsection (a)(7)) (20
20 U.S.C. 1135a–3) each are amended by striking
21 “1001(b)” and inserting “541(b)”.

22 **SEC. 502. PURPOSE.**

23 Section 500 (20 U.S.C. 1101) is amended to read as
24 follows:

1 **“SEC. 500. PURPOSE.**

2 “It is the purpose of this title—

3 “(1) to authorize national graduate fellowship
4 programs—5 “(A) in order to attract students of supe-
6 rior ability and achievement, exceptional prom-
7 ise, and demonstrated financial need, into high-
8 quality graduate programs and provide the stu-
9 dents with the financial support necessary to
10 complete advanced degrees; and

11 “(B) that are designed to—

12 “(i) sustain and enhance the capacity
13 for graduate education in areas of national
14 need; and15 “(ii) encourage talented students to
16 pursue scholarly careers in the humanities,
17 social sciences, and the arts; and

18 “(2) to promote postsecondary programs.”.

19 **PART A—JACOB K. JAVITS FELLOWSHIP**20 **PROGRAM**21 **SEC. 511. AWARD OF FELLOWSHIPS.**

22 (a) AWARD OF JACOB K. JAVITS FELLOWSHIPS.—

23 Section 511 (as redesignated by section 501(4)) is amend-
24 ed—

25 (1) in subsection (a)—

1 (A) in the first sentence, by inserting “, fi-
2 nancial need,” after “demonstrated achieve-
3 ment”;

4 (B) in the second sentence—

5 (i) by striking “students intending”
6 and inserting “students who are eligible to
7 receive any grant, loan, or work assistance
8 pursuant to section 484 and intend”; and

9 (ii) by striking “commonly accepted”
10 and all that follows through “degree-grant-
11 ing institution” and inserting “the termi-
12 nal highest degree awarded in the area of
13 study”; and

14 (C) in the third sentence, by inserting “fol-
15 lowing the fiscal year” after “July 1 of the fis-
16 cal year”; and

17 (2) by adding at the end the following:

18 “(d) PROCESS AND TIMING OF COMPETITION.—The
19 Secretary shall make applications for fellowships under
20 this part available not later than October 1 of the aca-
21 demic year preceding the academic year for which fellow-
22 ships will be awarded, and shall announce the recipients
23 of fellowships under this section not later than March 1
24 of the academic year preceding the academic year for
25 which the fellowships are awarded.

1 “(e) AUTHORITY TO CONTRACT.—The Secretary is
2 authorized to enter into a contract with a nongovern-
3 mental agency to administer the program assisted under
4 this part if the Secretary determines that entering into
5 the contract is an efficient means of carrying out the pro-
6 gram.”.

7 (b) ALLOCATION OF FELLOWSHIPS.—Section 512 (as
8 redesignated by section 501(4)) (20 U.S.C. 1134i) is
9 amended—

10 (1) in subsection (a)—

11 (A) in the third sentence of paragraph (1),
12 by striking “knowledgeable about and have ex-
13 perience” and inserting “representative of a
14 range of disciplines”; and

15 (B) in paragraph (2)—

16 (i) by amending subparagraph (B) to
17 read as follows:

18 “(B) establish general criteria for the
19 award of fellowships in academic fields identi-
20 fied by the Board, or, in the event that the Sec-
21 retary enters into a contract with a nongovern-
22 mental entity to administer the program as-
23 sisted under this part, by such nongovernmental
24 entity;”; and

1 (ii) in subparagraph (C), by inserting
2 “except that, in the event that the Sec-
3 retary enters into a contract with a non-
4 governmental entity to administer the pro-
5 gram, such panels may be appointed by
6 such nongovernmental entity” before the
7 semicolon; and

8 (2) in the first sentence of subsection (b), by in-
9 serting “except that in the event that the Secretary
10 enters into a contract with a nongovernmental entity
11 to administer the program, such panels may be ap-
12 pointed by such nongovernmental entity” before the
13 period.

14 (c) STIPENDS.—Section 513 (as redesignated by sec-
15 tion 501(4)) (20 U.S.C. 1134j) is amended—

16 (1) in subsection (a)—

17 (A) by striking “1993–1994” and inserting
18 “1999–2000”; and

19 (B) by striking “according to measure-
20 ments of need approved by the Secretary” and
21 inserting “determined in accordance with part
22 F of title IV”; and

23 (2) in subsection (b)(1)(A)—

24 (A) in clause (i)—

1 (i) by striking “\$6,000” and inserting
2 “\$10,000”; and

3 (ii) by striking “1993–1994” and in-
4 sserting “1999–2000”; and

5 (B) in clause (ii)—

6 (i) in the matter preceding subclause
7 (I), by striking “1993–1994” and inserting
8 “1999–2000”;

9 (ii) in subclause (I), by striking
10 “\$9,000 for the academic year 1993–
11 1994” and inserting “\$10,000 for the aca-
12 demic year 1999–2000”; and

13 (iii) in subclause (II), by striking
14 “\$9,000” and inserting “\$10,000”.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
16 515 (as redesignated by section 501(4)) (20 U.S.C.
17 1134k–1) is amended by striking “1993” and inserting
18 “1999”.

19 **PART B—GRADUATE ASSISTANCE IN AREAS OF**
20 **NATIONAL NEED**

21 **SEC. 521. GRADUATE ASSISTANCE IN AREAS OF NATIONAL**
22 **NEED.**

23 (a) DESIGNATION OF AREAS OF NATIONAL NEED.—
24 Subsection (b) of section 523 (as redesignated by section
25 501(5)) (20 U.S.C. 1134n) is amended to read as follows:

1 “(b) DESIGNATION OF AREAS OF NATIONAL
2 NEED.—After consultation with the National Science
3 Foundation, the National Academy of Sciences, and other
4 appropriate Federal and nonprofit agencies and organiza-
5 tions, the Secretary shall designate areas of national need.
6 In making such designations, the Secretary shall take into
7 consideration—

8 “(1) the extent to which the national interest in
9 the area is compelling;

10 “(2) the extent to which other Federal pro-
11 grams support postbaccalaureate study in the area
12 concerned; and

13 “(3) an assessment of how the program may
14 achieve the most significant impact with available re-
15 sources.”.

16 (b) CONTENT OF APPLICATIONS.—Section 524(b) (as
17 redesignated by section 501(5)) (20 U.S.C. 1134o(b)) is
18 amended—

19 (1) in paragraph (2)—

20 (A) by striking “funds” and inserting
21 “sources”; and

22 (B) by inserting “, which contribution may
23 be in cash or in kind, fairly valued” before the
24 semicolon;

1 (2) by redesignating paragraphs (4) through
2 (9) as paragraphs (5) through (10), respectively;

3 (3) by inserting after paragraph (3) the follow-
4 ing:

5 “(4) describe the number, types, and amounts
6 of the fellowships that the applicant intends to offer
7 with grant funds provided under this part;” and

8 (4) in paragraph (5)(A) (as redesignated by
9 paragraph (2)), by striking “criteria developed by
10 the institution” and inserting “part F of title IV”.

11 (c) AWARDS.—Section 525 (as redesignated by sec-
12 tion 501(5)) (20 U.S.C. 1134p) is amended—

13 (1) in the third sentence of subsection (b)—

14 (A) by striking “1993–1994” and inserting
15 “1999–2000”; and

16 (B) by striking “according to measure-
17 ments of need approved by the Secretary” and
18 inserting “determined in accordance with part
19 F of title IV”; and

20 (2) in subsection (c), by striking “such pay-
21 ments” and inserting “such excess”.

22 (d) INSTITUTIONAL PAYMENTS.—Section 526(a)(1)
23 (as redesignated by section 501(5)) (20 U.S.C.
24 1134q(a)(1)) is amended—

25 (1) in subparagraph (A)—

1 (A) by striking “\$6,000 annually” and in-
2 serting “\$10,000 for each academic year,”; and

3 (B) by striking “1993–1994” and insert-
4 ing “1999–2000”; and

5 (2) in subparagraph (B)—

6 (A) in the matter preceding clause (i), by
7 striking “1993–1994” and inserting “1999–
8 2000”;

9 (B) in clause (i), by striking “\$9,000 for
10 the academic year 1993–1994” and inserting
11 “\$10,000 for the academic year 1999–2000”;
12 and

13 (C) in clause (ii), by striking “\$9,000” and
14 inserting “\$10,000”.

15 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
16 527 (as redesignated by section 501(5)) (20 U.S.C.
17 1134q–1) is amended by striking “\$40,000,000 for fiscal
18 year 1993” and inserting “\$30,000,000 for fiscal year
19 1999”.

20 **PART C—URBAN COMMUNITY SERVICE**

21 **SEC. 531. URBAN COMMUNITY SERVICE.**

22 (a) PRIORITY.—Section 533(b) (as redesignated by
23 section 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by
24 adding at the end the following: “In addition, the Sec-
25 retary shall give priority to eligible institutions submitting

1 applications that demonstrate the eligible institution's
2 commitment to urban community service.”.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
4 539 (as redesignated by section 501(a)(6)) (20 U.S.C.
5 1136h) is amended by striking “1993” and inserting
6 “1999”.

7 **PART D—FUND FOR THE IMPROVEMENT OF**
8 **POSTSECONDARY EDUCATION**

9 **SEC. 541. FUND FOR THE IMPROVEMENT OF POSTSECON-**
10 **ARY EDUCATION.**

11 (a) AUTHORITY.—Section 541(a) (as redesignated by
12 section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

13 (1) in the matter preceding paragraph (1)—

14 (A) by striking “or combinations of such
15 institutions” and inserting “, combinations of
16 such institutions,”; and

17 (B) by striking “institutions and combina-
18 tions of such institutions” and inserting “insti-
19 tutions, combinations, and agencies”; and

20 (2) in paragraph (2)—

21 (A) by striking “and programs involving
22 new” and inserting “, programs and joint ef-
23 forts involving”; and

24 (B) by striking “new combinations” and
25 inserting “combinations”.

1 (b) TECHNICAL EMPLOYEES.—Section 543(a) (as re-
2 designated by section 501(a)(7)) (20 U.S.C. 1135a-2(a))
3 is amended by striking “5 technical” and inserting “7
4 technical”.

5 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
6 544 (as redesignated by section 501(a)(7)) (20 U.S.C.
7 1135a-3) is amended—

8 (1) in subsection (a), by striking “\$20,000,000
9 for fiscal year 1993” and inserting “\$26,000,000 for
10 fiscal year 1999”; and

11 (2) in subsection (b), by striking “1993” and
12 inserting “1999”.

13 (d) AREAS OF NATIONAL NEED.—

14 (1) AREAS.—Section 551(c) (as redesignated by
15 section 501(a)(7)) (20 U.S.C. 1135a-11(c)) is
16 amended—

17 (A) in paragraph (2), by striking “Campus
18 climate and culture” and inserting “Institu-
19 tional restructuring to improve learning and
20 promote cost efficiencies”;

21 (B) in paragraph (3), by inserting “of
22 model programs” after “dissemination”; and

23 (C) by adding at the end the following:

24 “(4) Articulation between 2-year and 4-year in-
25 stitutions of higher education, including developing

1 innovative methods for ensuring the successful
 2 transfer of students from 2-year to 4-year institu-
 3 tions of higher education.”.

4 (2) AUTHORIZATION OF APPROPRIATIONS.—
 5 Section 551(d) (as redesignated by section
 6 501(a)(7)) (20 U.S.C. 1135a–11(d)) is amended by
 7 striking “1993” and inserting “1999”.

8 **PART E—HIGHER EDUCATION ACCESS FOR STU-**
 9 **DENTS WITH DISABILITIES; GENERAL PROVI-**
 10 **SIONS**

11 **SEC. 551. HIGHER EDUCATION ACCESS FOR STUDENTS**
 12 **WITH DISABILITIES; GENERAL PROVISIONS.**

13 Title V (20 U.S.C. 1101 et seq.) is amended further
 14 by adding at the end the following:

15 **“PART F—HIGHER EDUCATION ACCESS FOR**
 16 **STUDENTS WITH DISABILITIES**

17 **“SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS**
 18 **WITH DISABILITIES.**

19 “(a) PURPOSE.—It is the purpose of this part—

20 “(1) to support the development of model pro-
 21 grams to provide technical assistance or training,
 22 and professional development, for faculty and ad-
 23 ministrators in institutions of higher education, as
 24 defined in section 481(a), to provide the faculty and

1 administrators with the skills and assistance to
2 teach effectively students with disabilities; and

3 “(2) to ensure effective evaluation and dissemi-
4 nation of such model programs.

5 “(b) GRANTS AUTHORIZED.—

6 “(1) IN GENERAL.—The Secretary is authorized
7 to award grants to institutions of higher education
8 to carry out the purposes of this part.

9 “(2) MODEL PROGRAMS.—To the extent fea-
10 sible, the model programs developed under this part
11 shall be developed for a range of types and sizes of
12 institutions of higher education.

13 “(3) GEOGRAPHIC DISTRIBUTION.—In awarding
14 grants under this part, the Secretary shall con-
15 sider—

16 “(A) providing an equitable geographic dis-
17 tribution of such grants; and

18 “(B) distributing such grants to urban and
19 rural areas.

20 “(4) APPROACHES.—The Secretary shall award
21 grants under this part for a range of approaches to
22 providing support to faculty and administrators,
23 such as in-service training, professional development,
24 customized and general technical assistance, work-

1 shops, summer institutes, distance learning and the
2 use of educational technology.

3 “(c) DISSEMINATION OF GRANTS.—The Secretary
4 may award grants to institutions of higher education that
5 have demonstrated exceptional programs for students with
6 disabilities under this part in order to disseminate those
7 programs.

8 “(d) APPLICATIONS.—Each institution of higher edu-
9 cation desiring a grant under this part shall submit an
10 application to the Secretary at such time, in such manner,
11 and accompanied by such information as the Secretary
12 may require. Each such application shall include—

13 “(1) a plan to assess the needs of the institu-
14 tion of higher education in order to meet the pur-
15 poses of this part, in consultation with a broad
16 range of persons within that institution; and

17 “(2) a plan for coordinating with or collaborat-
18 ing with the office within the institution that pro-
19 vides services to students with disabilities, and the
20 equal opportunity office within the institution, if the
21 offices exist.

22 “(e) USE OF FUNDS.—Any institution of higher edu-
23 cation receiving a grant under this part—

24 “(1) shall use the grant funds to—

25 “(A) meet the purposes of this section; and

1 “(B) ensure that projects assisted under
2 this part include components for model develop-
3 ment, demonstration, evaluation, and dissemi-
4 nation to other institutions of higher education;
5 and

6 “(2) may include, to the extent practicable,
7 graduate teaching assistants in the services provided
8 under the grant.

9 “(f) GRANT AWARDS.—The Secretary shall award
10 grants under this part for a period of 3 years.

11 “(g) CONSTRUCTION.—Nothing in this section shall
12 be construed to impose any additional duty, obligation, or
13 responsibility on an institution of higher education, or on
14 the institution’s administrators, faculty, or staff, in addi-
15 tion to the requirements of section 504 of the Rehabilita-
16 tion Act of 1973 and the Americans with Disabilities Act
17 of 1990.

18 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated to carry out this section
20 \$10,000,000 for fiscal year 1999 and such sums as may
21 be necessary for each of the 4 succeeding fiscal years.

1 **“PART G—GENERAL PROVISIONS**

2 **“SEC. 581. ADMINISTRATIVE PROVISIONS FOR PARTS A AND**

3 **B.**

4 “(a) COORDINATED ADMINISTRATION.—In carrying
5 out the purpose described in section 500(1), the Secretary
6 shall provide for coordinated administration and regula-
7 tion of graduate programs assisted under parts A and B
8 with other Federal programs providing assistance for
9 graduate education in order to minimize duplication and
10 improve efficiency to ensure that the programs are carried
11 out in a manner most compatible with academic practices
12 and with the standard timetables for applications for, and
13 notifications of acceptance to, graduate programs.

14 “(b) HIRING AUTHORITY.—For purposes of carrying
15 out parts A and B, the Secretary shall appoint, without
16 regard to the provisions of title 5, United States Code,
17 that govern appointments in the competitive service, such
18 administrative and technical employees, with the appro-
19 priate educational background, as shall be needed to assist
20 in the administration of such parts. The employees shall
21 be paid without regard to the provisions of chapter 51 and
22 subchapter III of chapter 53 of such title relating to classi-
23 fication and General Schedule pay rates.

24 “(c) USE FOR RELIGIOUS PURPOSES PROHIBITED.—
25 No institutional payment or allowance under section
26 513(b) or 526 shall be paid to a school or department of

1 divinity as a result of the award of a fellowship under part
2 A or B, respectively, to an individual who is studying for
3 a religious vocation.

4 “(d) EVALUATION.—The Secretary shall evaluate the
5 success of assistance provided to individuals under part
6 A or B with respect to graduating from their degree pro-
7 grams, and placement in faculty and professional posi-
8 tions.

9 “(e) CONTINUATION AWARDS.—The Secretary, using
10 funds appropriated to carry out parts A and B, and before
11 awarding any assistance under such parts to a recipient
12 that did not receive assistance under part C or D of title
13 IX (as such parts were in effect prior to the date of enact-
14 ment of the Higher Education Amendments of 1998) shall
15 continue to provide funding to recipients of assistance
16 under such part C or D (as so in effect), as the case may
17 be, pursuant to any multiyear award of such assistance.”.

18 **TITLE VI—INTERNATIONAL**
19 **EDUCATION PROGRAMS**

20 **SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUD-**
21 **IES.**

22 Part A of title VI (20 U.S.C. 1121 et seq.) is amend-
23 ed to read as follows:

1 **“PART A—INTERNATIONAL AND FOREIGN**

2 **LANGUAGE STUDIES**

3 **“SEC. 601. FINDINGS AND PURPOSES.**

4 “(a) FINDINGS.—The Congress finds that—

5 “(1) the well-being of the United States, its
6 economy and long-range security, is dependent on
7 the education and training of Americans in inter-
8 national and foreign language studies and on a
9 strong research base in these areas;

10 “(2) knowledge of other countries and the abil-
11 ity to communicate in other languages is essential to
12 the promotion of mutual understanding and coopera-
13 tion among nations; and

14 “(3) systematic efforts are necessary to enhance
15 the capacity of institutions of higher education in
16 the United States for—

17 “(A) producing graduates with inter-
18 national and foreign language expertise and
19 knowledge; and

20 “(B) research regarding such expertise and
21 knowledge.

22 “(b) PURPOSES.—It is the purpose of this part—

23 “(1) to assist in the development of knowledge,
24 international study, resources and trained personnel;

25 “(2) to stimulate the attainment of foreign lan-
26 guage acquisition and fluency;

1 “(3) to develop a pool of international experts
2 to meet national needs; and

3 “(4) to coordinate the programs of the Federal
4 Government in the areas of foreign language, area
5 and other international studies, including profes-
6 sional international affairs education, and research.

7 **“SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE**
8 **AND AREA CENTERS AND PROGRAMS.**

9 “(a) NATIONAL LANGUAGE AND AREA CENTERS AND
10 PROGRAMS AUTHORIZED.—

11 “(1) CENTERS AND PROGRAMS.—

12 “(A) IN GENERAL.—The Secretary is au-
13 thorized—

14 “(i) to make grants to institutions of
15 higher education, or combinations thereof,
16 for the purpose of establishing, strengthen-
17 ing, and operating comprehensive language
18 and area centers and programs; and

19 “(ii) to make grants to such institu-
20 tions or combinations for the purpose of
21 establishing, strengthening, and operating
22 a diverse network of undergraduate lan-
23 guage and area centers and programs.

1 “(B) NATIONAL RESOURCES.—The centers
2 and programs referred to in paragraph (1) shall
3 be national resources for—

4 “(i) teaching of any modern foreign
5 language;

6 “(ii) instruction in fields needed to
7 provide full understanding of areas, re-
8 gions, or countries in which such language
9 is commonly used;

10 “(iii) research and training in inter-
11 national studies, and the international and
12 foreign language aspects of professional
13 and other fields of study; and

14 “(iv) instruction and research on
15 issues in world affairs which concern one
16 or more countries.

17 “(2) AUTHORIZED ACTIVITIES.—Any such
18 grant may be used to pay all or part of the cost of
19 establishing or operating a center or program, in-
20 cluding the cost of—

21 “(A) faculty, staff, and student travel in
22 foreign areas, regions, or countries;

23 “(B) teaching and research materials;

24 “(C) curriculum planning and develop-
25 ment;

1 “(D) bringing visiting scholars and faculty
2 to the center to teach or to conduct research;

3 “(E) establishing and maintaining linkages
4 with overseas institutions of higher education
5 and other organizations that may contribute to
6 the teaching and research of the center or pro-
7 gram; and

8 “(F) training and improvement of the
9 staff, for the purpose of, and subject to such
10 conditions as the Secretary finds necessary for,
11 carrying out this section.

12 “(3) GRANTS TO MAINTAIN LIBRARY COLLEC-
13 TIONS.—The Secretary may make grants to centers
14 described in paragraph (1) having important library
15 collections, as determined by the Secretary, for the
16 maintenance of such collections.

17 “(4) OUTREACH GRANTS AND SUMMER INSTI-
18 TUTES.—The Secretary may make additional grants
19 to centers described in paragraph (1) for any one or
20 more of the following purposes:

21 “(A) Programs of linkage or outreach be-
22 tween foreign language, area studies, and other
23 international fields and professional schools and
24 colleges.

1 “(B) Programs of linkage or outreach with
2 2-year and 4-year colleges and universities.

3 “(C) Programs of linkage or outreach with
4 departments or agencies of Federal and State
5 Governments.

6 “(D) Programs of linkage or outreach with
7 the news media, business, professional, or trade
8 associations.

9 “(E) Summer institutes in foreign area,
10 foreign language, and other international fields
11 designed to carry out the programs of linkage
12 and outreach in subparagraphs (A), (B), (C),
13 and (D).

14 “(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA
15 STUDIES.—

16 “(1) IN GENERAL.—The Secretary is authorized
17 to make grants to institutions of higher education or
18 combinations of such institutions for the purpose of
19 paying stipends to individuals undergoing advanced
20 training in any center or program approved by the
21 Secretary.

22 “(2) REQUIREMENTS.—Students receiving sti-
23 pends described in paragraph (1) shall be individuals
24 who are engaged in an instructional program with
25 stated performance goals for functional foreign lan-

1 guage use or in a program developing such perform-
2 ance goals, in combination with area studies, inter-
3 national studies, or the international aspects of a
4 professional studies program.

5 “(3) ALLOWANCES.—Stipends awarded to grad-
6 uate level recipients may include allowances for de-
7 pendants and for travel for research and study in
8 the United States and abroad.

9 “(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—
10 No funds may be expended under this part for under-
11 graduate travel except in accordance with rules prescribed
12 by the Secretary setting forth policies and procedures to
13 assure that Federal funds made available for such travel
14 are expended as part of a formal program of supervised
15 study.

16 **“SEC. 603. LANGUAGE RESOURCE CENTERS.**

17 “(a) LANGUAGE RESOURCE CENTERS AUTHOR-
18 IZED.—The Secretary is authorized to make grants to and
19 enter into contracts with institutions of higher education,
20 or combinations of such institutions, for the purpose of
21 establishing, strengthening, and operating a small number
22 of national language resource and training centers, which
23 shall serve as resources to improve the capacity to teach
24 and learn foreign languages effectively.

1 “(b) AUTHORIZED ACTIVITIES.—The activities car-
2 ried out by the centers described in subsection (a)—

3 “(1) shall include effective dissemination ef-
4 forts, whenever appropriate; and

5 “(2) may include—

6 “(A) the conduct and dissemination of re-
7 search on new and improved teaching methods,
8 including the use of advanced educational tech-
9 nology;

10 “(B) the development and dissemination of
11 new teaching materials reflecting the use of
12 such research in effective teaching strategies;

13 “(C) the development, application, and dis-
14 semination of performance testing appropriate
15 to an educational setting for use as a standard
16 and comparable measurement of skill levels in
17 all languages;

18 “(D) the training of teachers in the admin-
19 istration and interpretation of performance
20 tests, the use of effective teaching strategies,
21 and the use of new technologies;

22 “(E) the publication and dissemination to
23 individuals and organizations in the foreign lan-
24 guage field of instructional materials in the less
25 commonly taught languages;

1 “(F) the development and dissemination of
2 materials designed to serve as a resource for
3 foreign language teachers at the elementary and
4 secondary school levels; and

5 “(G) the operation of intensive summer
6 language institutes to train advanced foreign
7 language students, provide professional develop-
8 ment, and improve language instruction
9 through preservice and inservice language train-
10 ing for teachers.

11 “(c) CONDITIONS FOR GRANTS.—Grants under this
12 section shall be made on such conditions as the Secretary
13 determines to be necessary to carry out the provisions of
14 this section.

15 **“SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES**
16 **AND FOREIGN LANGUAGE PROGRAMS.**

17 “(a) INCENTIVES FOR THE CREATION OF NEW PRO-
18 GRAMS AND THE STRENGTHENING OF EXISTING PRO-
19 GRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES
20 AND FOREIGN LANGUAGES.—

21 “(1) AUTHORITY.—The Secretary is authorized
22 to make grants to institutions of higher education,
23 combinations of such institutions, or partnerships
24 between nonprofit educational institutions and insti-
25 tutions of higher education, to assist such institu-

1 tions, combinations or partnerships in planning, de-
2 veloping, and carrying out programs to improve un-
3 dergraduate instruction in international studies and
4 foreign languages. Such grants shall be awarded to
5 institutions, combinations or partnerships seeking to
6 create new programs or to strengthen existing pro-
7 grams in area studies, foreign languages, and other
8 international fields.

9 “(2) FEDERAL SHARE AND USE OF FUNDS.—

10 Grants made under this section may be used to pay
11 not more than 50 percent of the cost of projects and
12 activities which are an integral part of such a pro-
13 gram, such as—

14 “(A) planning for the development and ex-
15 pansion of undergraduate programs in inter-
16 national studies and foreign languages;

17 “(B) teaching, research, curriculum devel-
18 opment, faculty training in the United States or
19 abroad, and other related activities, including
20 the expansion of library and teaching resources;

21 “(C) expansion of opportunities for learn-
22 ing foreign languages, including less commonly
23 taught languages;

1 “(D) programs under which foreign teach-
2 ers and scholars may visit institutions as visit-
3 ing faculty;

4 “(E) programs designed to develop or en-
5 hance linkages between 2-year and 4-year insti-
6 tutions of higher education, or baccalaureate
7 and post-baccalaureate programs or institu-
8 tions;

9 “(F) the development of undergraduate
10 study abroad programs in locations abroad in
11 which such study opportunities are not other-
12 wise available and the integration of these pro-
13 grams into specific on-campus degree programs;

14 “(G) the development of model programs
15 to enhance the effectiveness of study abroad, in-
16 cluding predeparture and post return programs;

17 “(H) the development of programs de-
18 signed to integrate professional and technical
19 education with area studies, foreign languages,
20 and other international fields;

21 “(I) the conduct of summer institutes in
22 foreign area, foreign language, and other inter-
23 national fields for purposes that are consistent
24 with the projects and activities described in this
25 subsection; and

1 “(J) the development of partnerships be-
2 tween institutions of higher education and the
3 private sector, government, and elementary and
4 secondary education institutions to enhance
5 international knowledge.

6 “(3) NON-FEDERAL SHARE.—The non-Federal
7 share of the cost of the programs assisted under this
8 subsection may be provided either in cash or in kind.
9 Such assistance may be composed of institutional
10 and noninstitutional funds, including State, private
11 sector, corporation, or foundation contributions.

12 “(4) PRIORITY.—In awarding grants under this
13 section, the Secretary shall give priority to applica-
14 tions from institutions of higher education, combina-
15 tions or partnerships that require entering students
16 to have successfully completed at least 2 years of
17 secondary school foreign language instruction or
18 that require each graduating student to earn 2 years
19 of postsecondary credit in a foreign language (or
20 have demonstrated equivalent competence in the for-
21 eign language) or, in the case of a 2-year degree
22 granting institution, offer 2 years of postsecondary
23 credit in a foreign language.

24 “(5) GRANT CONDITIONS.—Grants under this
25 subsection shall be made on such conditions as the

1 Secretary determines to be necessary to carry out
2 this subsection.

3 “(6) APPLICATION.—Each application for as-
4 sistance under this subsection shall include—

5 “(A) evidence that the applicant has con-
6 ducted extensive planning prior to submitting
7 the application;

8 “(B) an assurance that the faculty and ad-
9 ministrators of all relevant departments and
10 programs served by the applicant are involved
11 in ongoing collaboration with regard to achiev-
12 ing the stated objectives of the application;

13 “(C) an assurance that students at the ap-
14 plicant institutions, as appropriate, will have
15 equal access to, and derive benefits from, the
16 program assisted under this subsection; and

17 “(D) an assurance that each institution,
18 combination or partnership will use the Federal
19 assistance provided under this subsection to
20 supplement and not supplant funds expended
21 by the institution, prior to the receipt of the
22 Federal assistance, for programs to improve un-
23 dergraduate instruction in international studies
24 and foreign languages.

1 “(7) EVALUATION.—The Secretary may estab-
2 lish requirements for program evaluations and re-
3 quire grant recipients to submit annual reports that
4 evaluate the progress and performance of students
5 participating in programs assisted under this sub-
6 section.

7 “(b) PROGRAMS OF NATIONAL SIGNIFICANCE.—The
8 Secretary may also award grants to public and private
9 nonprofit agencies and organizations, including profes-
10 sional and scholarly associations, whenever the Secretary
11 determines such grants will make an especially significant
12 contribution to improving undergraduate international
13 studies and foreign language programs.

14 **“SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.**

15 “(a) AUTHORIZED ACTIVITIES.—The Secretary may,
16 directly or through grants or contracts, conduct research
17 and studies that contribute to achieving the purposes of
18 this part. Such research and studies may include—

19 “(1) studies and surveys to determine needs for
20 increased or improved instruction in foreign lan-
21 guage, area studies, or other international fields, in-
22 cluding the demand for foreign language, area, and
23 other international specialists in government, edu-
24 cation, and the private sector;

1 “(2) studies and surveys to assess the utiliza-
2 tion of graduates of programs supported under this
3 title by governmental, educational, and private sec-
4 tor organizations and other studies assessing the
5 outcomes and effectiveness of programs so sup-
6 ported;

7 “(3) evaluation of the extent to which programs
8 assisted under this title that address national needs
9 would not otherwise be offered;

10 “(4) comparative studies of the effectiveness of
11 strategies to provide international capabilities at in-
12 stitutions of higher education;

13 “(5) research on more effective methods of pro-
14 viding instruction and achieving competency in for-
15 eign languages;

16 “(6) the development and publication of special-
17 ized materials for use in foreign language, area stud-
18 ies, and other international fields, or for training
19 foreign language, area, and other international spe-
20 cialists;

21 “(7) studies and evaluations of effective prac-
22 tices in the dissemination of international informa-
23 tion, materials, research, teaching strategies, and
24 testing techniques throughout the education commu-

1 nity, including elementary and secondary schools;
2 and

3 “(8) the application of performance tests and
4 standards across all areas of foreign language in-
5 struction and classroom use.

6 “(b) ANNUAL REPORT.—The Secretary shall pre-
7 pare, publish, and announce an annual report listing the
8 books and research materials produced with assistance
9 under this section.

10 **“SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.**

11 “(a) COMPETITIVE GRANTS.—The Secretary shall
12 award grants under section 602 competitively on the basis
13 of criteria that separately, but not less rigorously, evalu-
14 ates the applications for comprehensive and undergradu-
15 ate language and area centers and programs.

16 “(b) SELECTION CRITERIA.—The Secretary shall set
17 criteria for grants awarded under section 602 by which
18 a determination of excellence shall be made to meet the
19 differing objectives of graduate and undergraduate institu-
20 tions.

21 “(c) EQUITABLE DISTRIBUTION OF GRANTS.—The
22 Secretary shall, to the extent practicable, award grants
23 under this part (other than section 602) in such manner
24 as to achieve an equitable distribution of the grant funds
25 throughout the United States, based on the merit of a pro-

1 posal as determined pursuant to a peer review process in-
2 volving broadly representative professionals.

3 **“SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.**

4 “(a) SELECTION CRITERIA.—The Secretary shall
5 make excellence the criterion for selection of grants award-
6 ed under section 602.

7 “(b) EQUITABLE DISTRIBUTION.—To the extent
8 practicable and consistent with the criterion of excellence,
9 the Secretary shall award grants under this part (other
10 than section 602) in such a manner as will achieve an eq-
11 uitable distribution of funds throughout the United States.

12 “(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—
13 The Secretary shall also award grants under this part in
14 such manner as to ensure that an appropriate portion of
15 the funds appropriated for this part (as determined by the
16 Secretary) are used to support undergraduate education.

17 **“SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.**

18 “(a) CENTERS AUTHORIZED.—The Secretary is au-
19 thorized to make grants to and enter into contracts with
20 any American overseas research center that is a consor-
21 tium of institutions of higher education (hereafter in this
22 section referred to as a “center”) to enable such center
23 to promote postgraduate research, exchanges and area
24 studies.

1 “(b) USE OF GRANTS.—Grants made and contracts
2 entered into pursuant to this section may be used to pay
3 all or a portion of the cost of establishing or operating
4 a center or program, including—

5 “(1) the cost of faculty and staff stipends and
6 salaries;

7 “(2) the cost of faculty, staff, and student trav-
8 el;

9 “(3) the cost of the operation and maintenance
10 of overseas facilities;

11 “(4) the cost of teaching and research mate-
12 rials;

13 “(5) the cost of acquisition, maintenance, and
14 preservation of library collections;

15 “(6) the cost of bringing visiting scholars and
16 faculty to a center to teach or to conduct research;

17 “(7) the cost of organizing and managing con-
18 ferences; and

19 “(8) the cost of publication and dissemination
20 of material for the scholarly and general public.

21 “(c) LIMITATION.—The Secretary shall only award
22 grants to and enter into contracts with centers under this
23 section that—

1 (i) in paragraph (1)—

2 (I) in subparagraph (B), by
3 striking “advanced”; and

4 (II) in subparagraph (C), by
5 striking “evening or summer”; and

6 (ii) in paragraph (2)(C), by inserting
7 “foreign language,” after “studies,”; and

8 (B) in subsection (d)(2)(G), by inserting “,
9 such as a representative of a community college
10 in the region served by the center” before the
11 period; and

12 (2) in section 614 (20 U.S.C. 1130b)—

13 (A) in subsection (a), by striking “1993”
14 and inserting “1999”; and

15 (B) in subsection (b), by striking “1993”
16 and inserting “1999”.

17 **SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.**

18 Part C of title VI (20 U.S.C. 1131 et seq.) is amend-
19 ed—

20 (1) in section 621(e) (20 U.S.C. 1131(e))—

21 (A) by striking “one-fourth” and inserting
22 “one-half”; and

23 (B) by adding at the end the following:
24 “The non-Federal contribution shall be made
25 from private sector sources.”;

1 (2) by redesignating sections 622 through 627
2 (20 U.S.C. 1131a and 1131f) as sections 623
3 through 628, respectively; and

4 (3) by inserting after section 621 (20 U.S.C.
5 1131) the following:

6 **“SEC. 622. INSTITUTIONAL DEVELOPMENT.**

7 “(a) IN GENERAL.—The Institute shall award
8 grants, from amounts available to the Institute for each
9 fiscal year, to historically Black colleges and universities,
10 Hispanic-serving institutions, tribally controlled commu-
11 nity colleges, and minority institutions, to enable such col-
12 leges, universities, and institutions to strengthen inter-
13 national affairs programs.

14 “(b) APPLICATION.—No grant may be made by the
15 Institute unless an application is made by the college, uni-
16 versity, or institution at such time, in such manner, and
17 accompanied by such information as the Institute may re-
18 quire.

19 “(c) DEFINITIONS.—In this section—

20 “(1) the term ‘historically Black college and
21 university’ has the meaning given the term in sec-
22 tion 322;

23 “(2) the term ‘Hispanic-serving institution’ has
24 the meaning given the term in section 316(b);

1 “(3) the term ‘tribally controlled community
2 college’ has the meaning given the term in section 2
3 of the Tribally Controlled Community College Assist-
4 ance Act of 1978 (25 U.S.C. 1801); and

5 “(4) the term ‘minority institution’ has the
6 meaning given the term in section 1046.”;

7 (4) in section 623 (as redesignated by para-
8 graph (2))—

9 (A) in the section heading, by striking
10 **“JUNIOR YEAR”** and inserting **“STUDY”**;

11 (B) in subsection (b)(2)—

12 (i) by inserting “, or completing the
13 third year of study in the case of a sum-
14 mer abroad program,” after “study”; and

15 (ii) by striking “junior year” and in-
16 serting “study”;

17 (C) in subsection (c)—

18 (i) in the matter preceding paragraph
19 (1), by striking “junior year” and inserting
20 “study”;

21 (ii) in paragraph (1), by striking
22 “junior year” and inserting “study”; and

23 (iii) in paragraph (2)—

24 (I) by striking “one-half” and in-
25 serting “one-third”; and

1 (II) by striking “junior year”
2 and inserting “study”;

3 (5) in section 627 (as redesignated by para-
4 graph (2)) (20 U.S.C. 1131e), by striking “625”
5 and inserting “626”; and

6 (6) in section 628 (as redesignated by para-
7 graph (2)) (20 U.S.C. 1131f), by striking “1993”
8 and inserting “1999”.

9 **SEC. 604. GENERAL PROVISIONS.**

10 Section 632 (20 U.S.C. 1132–1) is repealed.

11 **TITLE VII—RELATED PROGRAMS**
12 **AND AMENDMENTS TO OTHER**
13 **ACTS**

14 **PART A—INDIAN EDUCATION PROGRAMS**

15 **SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE**
16 **ASSISTANCE ACT OF 1978.**

17 (a) REAUTHORIZATION.—

18 (1) AMOUNT OF GRANTS.—Section 108(a)(2) of
19 the Tribally Controlled Community College Assist-
20 ance Act of 1978 (25 U.S.C. 1808(a)(2)) is amend-
21 ed by striking “\$5,820” and inserting “\$6,000”.

22 (2) AUTHORIZATION OF APPROPRIATIONS.—

23 (A) TITLE I.—Section 110(a) of the Trib-
24 ally Controlled Community College Assistance
25 Act of 1978 (25 U.S.C. 1810(a)) is amended—

1 (i) in paragraph (1), by striking
2 “1993” and inserting “1999”;

3 (ii) in paragraph (2), by striking
4 “\$30,000,000 for fiscal year 1993” and in-
5 serting “\$40,000,000 for fiscal year
6 1999”;

7 (iii) in paragraph (3), by striking
8 “1993” and inserting “1999”; and

9 (iv) in paragraph (4), by striking
10 “1993” and inserting “1999”.

11 (B) TITLE III.—Section 306(a) of the
12 Tribally Controlled Community College Assist-
13 ance Act of 1978 (25 U.S.C. 1836(a)) is
14 amended by striking “1993” and inserting
15 “1999”.

16 (C) TITLE IV.—Section 403 of the Tribal
17 Economic Development and Technology Related
18 Education Assistance Act of 1990 (25 U.S.C.
19 1852) is amended by striking “1993” and in-
20 serting “1999”.

21 (b) NAME CHANGE.—The Tribally Controlled Com-
22 munity College Assistance Act of 1978 (25 U.S.C. 1801
23 et seq.) is amended—

1 (1) by striking “community college” each place
2 the term appears and inserting “college or univer-
3 sity”;

4 (2) by striking “Community College” each place
5 the term appears (other than when such term is pre-
6 ceded by the term “Navajo”) and inserting “College
7 or University”;

8 (3) by striking “community colleges” each place
9 the term appears and inserting “colleges or univer-
10 sities”;

11 (4) by striking “such college” each place the
12 term appears and inserting “such college or univer-
13 sity”; and

14 (5) by striking “community college’s” and in-
15 serting “college or university’s”.

16 **SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE**
17 **HAWAIIAN CULTURE AND ART DEVELOP-**
18 **MENT.**

19 Section 1531 of the American Indian, Alaska Native,
20 and Native Hawaiian Culture and Art Development Act
21 (20 U.S.C. 4451) is amended to read as follows:

22 **“SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.**

23 “There is authorized to be appropriated to carry out
24 part A \$5,000,000 for fiscal year 1999.”.

1 **PART B—ADVANCED PLACEMENT**
2 **INCENTIVE PROGRAM**

3 **SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.**

4 (a) PROGRAM ESTABLISHED.—The Secretary of
5 Education is authorized to make grants to States having
6 applications approved under subsection (d), from allot-
7 ments under subsection (b), to enable the States to reim-
8 burse low-income individuals to cover part or all of the
9 cost of advanced placement test fees, if the low-income in-
10 dividuals—

11 (1) are enrolled in an advanced placement class;

12 and

13 (2) plan to take an advanced placement test.

14 (b) ALLOTMENT.—From the sum appropriated under
15 subsection (j) for a fiscal year, the Secretary shall allot
16 to each State an amount that bears the same relation to
17 the sum as the number of low-income individuals in the
18 State bears to the number of low-income individuals in all
19 States.

20 (c) INFORMATION DISSEMINATION.—The State edu-
21 cational agency may use not more than 5 percent of grant
22 funds received for a fiscal year to disseminate information
23 regarding the availability of test fee payments under this
24 section to eligible individuals through secondary school
25 teachers and guidance counselors.

1 (d) REQUIREMENTS FOR APPROVAL OF APPLICA-
2 TIONS.—In approving applications for grants the Sec-
3 retary of Education shall—

4 (1) require that each such application contain a
5 description of the advance placement test fees the
6 State will pay on behalf of individual students;

7 (2) require an assurance that any funds re-
8 ceived under this section, other than funds used in
9 accordance with subsection (c), shall be used only to
10 pay advanced placement test fees; and

11 (3) contain such information as the Secretary
12 may require to demonstrate that the State will en-
13 sure that a student is eligible for payments under
14 this section, including the documentation required by
15 chapter 1 of subpart 2 of part A of title IV of the
16 Higher Education Act of 1965 (20 U.S.C. 1070a–11
17 et seq.).

18 (e) FUNDING RULE.—Funds provided under this sec-
19 tion shall be used to supplement and not supplant other
20 Federal, State, local or private funds available to assist
21 low-income individuals in paying for advanced placement
22 testing, except that such funds may be used to supplant
23 the funds so available if the funds used to supplant are
24 used to increase the participation of low-income individ-
25 uals in advanced placement courses through teacher train-

1 ing and other activities directly related to increasing the
2 availability of advanced placement courses.

3 (f) SPECIAL RULE.—The Secretary of Education
4 shall only award grants under this section for a fiscal year
5 if the amount the College Board spends for the College
6 Board’s fee assistance program for low-income students
7 for the fiscal year is not less than the amount the College
8 Board spent for such program for the preceding fiscal
9 year.

10 (g) REGULATIONS.—The Secretary of Education
11 shall prescribe such regulations as are necessary to carry
12 out this section.

13 (h) REPORT.—Each State annually shall report to
14 the Secretary of Education regarding—

15 (1) the number of low-income individuals in the
16 State who receive assistance under this section; and

17 (2) the teacher training and other activities de-
18 scribed in subsection (e).

19 (i) DEFINITION.—In this section:

20 (1) ADVANCED PLACEMENT TEST.—The term
21 “advanced placement test” includes only an ad-
22 vanced placement test approved by the Secretary of
23 Education for the purposes of this section.

24 (2) LOW-INCOME INDIVIDUAL.—The term “low-
25 income individual” has the meaning given the term

1 in section 402A(g)(2) of the Higher Education Act
2 of 1965 (20 U.S.C. 1070a–11(g)(2)).

3 (j) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated \$10,000,000 for fiscal
5 year 1999 and such sums as may be necessary for each
6 of the 4 succeeding fiscal years to carry out this section.

7 **PART C—INSTITUTE FOR PEACE**

8 **SEC. 731. AUTHORITIES OF THE UNITED STATES INSTITUTE** 9 **OF PEACE.**

10 The United States Institute of Peace Act (22 U.S.C.
11 4601 et seq.) is amended—

12 (1) in section 1705 (22 U.S.C. 4604)—

13 (A) in subsection (f), by inserting “per-
14 sonal service and other” after “may enter into”;
15 and

16 (B) in subsection (o), by inserting after
17 “Services” the following: “and use all sources of
18 supply and services of the General Services Ad-
19 ministration”;

20 (2) in section 1706(e)(4) (22 U.S.C.
21 4605(e)(4)), by adding at the end the following:
22 “Service under an appointment of less than 4 years
23 shall not be treated as a term for purposes of this
24 paragraph.”;

1 encouragement, and recognition) and tangible, lo-
2 cally raised, effectively targeted, publicly recognized,
3 financial assistance;

4 (3) proven methods of stimulating these com-
5 munity efforts can be promoted through Federal
6 support for the establishment of regional, State or
7 community program centers to organize and chal-
8 lenge community efforts to develop educational in-
9 centives and support for local students; and

10 (4) using Federal funds to leverage private con-
11 tributions to help students from low-income families
12 attain educational and career goals is an efficient
13 and effective investment of scarce taxpayer-provided
14 resources.

15 **SEC. 743. DEFINITIONS.**

16 In this part:

17 (1) REGIONAL, STATE OR COMMUNITY PRO-
18 GRAM CENTER.—The term “regional, State or com-
19 munity program center” means an organization
20 that—

21 (A) is a division of, responsible to, and
22 overseen by, the national organization; and

23 (B) is staffed by professionals trained to
24 create, develop, and sustain local entities in
25 towns, cities, and neighborhoods.

1 (2) LOCAL ENTITY.—The term “local entity”
2 means an organization that—

3 (A) is a nonprofit organization that is de-
4 scribed in section 501(c)(3) of the Internal Rev-
5 enue Code of 1986, and exempt from taxation
6 under section 501(a) of such Code (or shall
7 meet this criteria through affiliation with the
8 national organization);

9 (B) is formed for the purpose of providing
10 educational scholarships and academic support
11 for residents of the local community served by
12 such organization;

13 (C) solicits broad-based community sup-
14 port in its academic support and fund-raising
15 activities;

16 (D) is broadly representative of the local
17 community in the structures of its volunteer-op-
18 erated organization and has a board of direc-
19 tors that includes leaders from local neighbor-
20 hood organizations and neighborhood residents,
21 such as school or college personnel, parents,
22 students, community agency representatives, re-
23 tirees, and representatives of the business com-
24 munity;

1 (E) awards scholarships without regard to
2 age, sex, marital status, race, creed, color, reli-
3 gion, national origin or disability; and

4 (F) gives priority to awarding scholarships
5 for postsecondary education to deserving stu-
6 dents from low-income families in the local com-
7 munity.

8 (3) NATIONAL ORGANIZATION.—The term “na-
9 tional organization” means an organization that—

10 (A) has the capacity to create, develop and
11 sustain local entities and affiliated regional,
12 State or community program centers;

13 (B) has the capacity to sustain newly cre-
14 ated local entities in towns, cities, and neigh-
15 borhoods through ongoing training support pro-
16 grams;

17 (C) is described in section 501(c)(3) of the
18 Internal Revenue Code of 1986, and exempt
19 from taxation under section 501(a) of such
20 Code;

21 (D) is a publicly supported organization
22 within the meaning of section 170(b)(1)(A)(iv)
23 of such Code;

1 (E) ensures that each of the organization’s
2 local entities meet the criteria described in sub-
3 paragraphs (C) and (D); and

4 (F) has a program for or experience in co-
5 operating with secondary and postsecondary in-
6 stitutions in carrying out the organization’s
7 scholarship and academic support activities.

8 (4) HIGH POVERTY AREA.—The term “high
9 poverty area” means a community with a higher per-
10 centage of children from low-income families than
11 the national average of such percentage and a lower
12 percentage of children pursuing postsecondary edu-
13 cation than the national average of such percentage.

14 (5) STUDENTS FROM LOW-INCOME FAMILIES.—
15 The term “students from low-income families”
16 means students determined, pursuant to part F of
17 title IV of the Higher Education Act of 1965 (20
18 U.S.C. 1087kk et seq.), to be eligible for a Federal
19 Pell Grant under subpart 1 of part A of title IV of
20 such Act (20 U.S.C. 1070a).

21 **SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.**

22 (a) PURPOSE.—It is the purpose of this part to estab-
23 lish and support regional, State or community program
24 centers to enable such centers to foster the development
25 of local entities in high poverty areas that promote higher

1 education goals for students from low-income families
2 by—

3 (1) providing academic support, including guid-
4 ance, counseling, mentoring, tutoring, and recogni-
5 tion; and

6 (2) providing scholarship assistance for the cost
7 of postsecondary education.

8 (b) ENDOWMENT GRANT AUTHORITY.—From the
9 funds appropriated pursuant to the authority of section
10 746, the Secretary shall award an endowment grant, on
11 a competitive basis, to a national organization to enable
12 such organization to support the establishment or ongoing
13 work of regional, State or community program centers
14 that foster the development of local entities in high pov-
15 erty areas to improve high school graduation rates and
16 postsecondary attendance through the provision of aca-
17 demic support services and scholarship assistance for the
18 cost of postsecondary education.

19 **SEC. 745. GRANT AGREEMENT AND REQUIREMENTS.**

20 (a) IN GENERAL.—The Secretary shall award one or
21 more endowment grants described in section 744(b) pur-
22 suant to an agreement between the Secretary and a na-
23 tional organization. Such agreement shall—

24 (1) require the national organization to estab-
25 lish an endowment fund in the amount of the grant,

1 the corpus of which shall remain intact and the in-
2 terest income from which shall be used to support
3 the activities described in paragraphs (2) and (3);

4 (2) require the national organization to use 70
5 percent of the interest income from the endowment
6 fund in any fiscal year to support the establishment
7 or ongoing work of regional, State or community
8 program centers to enable such centers to work with
9 local communities to establish local entities in high
10 poverty areas and provide ongoing technical assist-
11 ance, training workshops, and other activities to help
12 ensure the ongoing success of the local entities;

13 (3) require the national organization to use 30
14 percent of the interest income from the endowment
15 fund in any fiscal year to provide scholarships for
16 postsecondary education to students from low-in-
17 come families, which scholarships shall be matched
18 on a dollar-for-dollar basis from funds raised by the
19 local entities;

20 (4) require that at least 50 percent of all the
21 interest income from the endowment be allocated to
22 establish new local entities or support regional, State
23 or community program centers in high poverty
24 areas;

1 (5) require the national organization to submit,
2 for each fiscal year in which such organization uses
3 the interest from the endowment fund, a report to
4 the Secretary that contains—

5 (A) a description of the programs and ac-
6 tivities supported by the interest on the endow-
7 ment fund;

8 (B) the audited financial statement of the
9 national organization for the preceding fiscal
10 year;

11 (C) a plan for the programs and activities
12 to be supported by the interest on the endow-
13 ment fund as the Secretary may require; and

14 (D) an evaluation of the programs and ac-
15 tivities supported by the interest on the endow-
16 ment fund as the Secretary may require; and

17 (E) data indicating the number of students
18 from low-income families who receive scholar-
19 ships from local entities, and the amounts of
20 such scholarships;

21 (6) contain such assurances as the Secretary
22 may require with respect to the management and op-
23 eration of the endowment fund; and

24 (7) contain an assurance that if the Secretary
25 determines that such organization is not in substan-

1 tial compliance with the provisions of this part, then
2 the national organization shall pay to the Secretary
3 an amount equal to the corpus of the endowment
4 fund plus any accrued interest on such fund that is
5 available to the national organization on the date of
6 such determination.

7 (b) RETURNED FUNDS.—All funds returned to the
8 Secretary pursuant to subsection (a)(7) shall be available
9 to the Secretary to carry out any scholarship or grant pro-
10 gram assisted under title IV of the Higher Education Act
11 of 1965 (20 U.S.C. 1070 et seq.).

12 **SEC. 746. AUTHORIZATION OF APPROPRIATIONS.**

13 There are authorized to be appropriated to carry out
14 this part \$10,000,000 for fiscal year 2000.

15 **PART E—GRANTS TO STATES FOR WORK-**
16 **PLACE AND COMMUNITY TRANSITION**
17 **TRAINING FOR INCARCERATED**
18 **YOUTH OFFENDERS**

19 **SEC. 751. GRANTS TO STATES FOR WORKPLACE AND COM-**
20 **MUNITY TRANSITION TRAINING FOR INCAR-**
21 **CERATED YOUTH OFFENDERS.**

22 (a) FINDINGS.—Congress makes the following find-
23 ings:

1 (1) Over 150,000 youth offenders age 21 and
2 younger are incarcerated in the Nation's jails, juve-
3 nile facilities, and prisons.

4 (2) Most youth offenders who are incarcerated
5 have been sentenced as first-time adult felons.

6 (3) Approximately 75 percent of youth offend-
7 ers are high school dropouts who lack basic literacy
8 and life skills, have little or no job experience, and
9 lack marketable skills.

10 (4) The average incarcerated youth has at-
11 tended school only through grade 10.

12 (5) Most of these youths can be diverted from
13 a life of crime into productive citizenship with avail-
14 able educational, vocational, work skills, and related
15 service programs.

16 (6) If not involved with educational programs
17 while incarcerated, almost all of these youths will re-
18 turn to a life of crime upon release.

19 (7) The average length of sentence for a youth
20 offender is about 3 years. Time spent in prison pro-
21 vides a unique opportunity for education and train-
22 ing.

23 (8) Even with quality education and training
24 provided during incarceration, a period of intense
25 supervision, support, and counseling is needed upon

1 release to ensure effective reintegration of youth of-
2 fenders into society.

3 (9) Research consistently shows that the vast
4 majority of incarcerated youths will not return to
5 the public schools to complete their education.

6 (10) There is a need for alternative educational
7 opportunities during incarceration and after release.

8 (b) DEFINITION.—For purposes of this part, the
9 term “youth offender” means a male or female offender
10 under the age of 25, who is incarcerated in a State prison,
11 including a prerelease facility.

12 (c) GRANT PROGRAM.—The Secretary of Education
13 (in this section referred to as the “Secretary”) shall estab-
14 lish a program in accordance with this section to provide
15 grants to the State correctional education agencies in the
16 States, from allocations for the States under subsection
17 (i), to assist and encourage incarcerated youths to acquire
18 functional literacy, life, and job skills, through the pursuit
19 of a postsecondary education certificate, or an associate
20 of arts or bachelor’s degree while in prison, and employ-
21 ment counseling and other related services which start
22 during incarceration and continue through prerelease and
23 while on parole.

24 (d) APPLICATION.—To be eligible for a grant under
25 this section, a State correctional education agency shall

1 submit to the Secretary a proposal for a youth offender
2 program that—

3 (1) identifies the scope of the problem, includ-
4 ing the number of incarcerated youths in need of
5 postsecondary education and vocational training;

6 (2) lists the accredited public or private edu-
7 cational institution or institutions that will provide
8 postsecondary educational services;

9 (3) lists the cooperating agencies, public and
10 private, or businesses that will provide related serv-
11 ices, such as counseling in the areas of career devel-
12 opment, substance abuse, health, and parenting
13 skills;

14 (4) describes the evaluation methods and per-
15 formance measures that the State correctional edu-
16 cation agency will employ, which methods and meas-
17 ures—

18 (A) shall be appropriate to meet the goals
19 and objectives of the proposal; and

20 (B) shall include measures of—

21 (i) program completion;

22 (ii) student academic and vocational
23 skill attainment;

24 (iii) success in job placement and re-
25 tention; and

1 (iv) recidivism;

2 (5) describes how the proposed programs are to
3 be integrated with existing State correctional edu-
4 cation programs (such as adult education, graduate
5 education degree programs, and vocational training)
6 and State industry programs;

7 (6) addresses the educational needs of youth of-
8 fenders who are in alternative programs (such as
9 boot camps); and

10 (7) describes how students will be selected so
11 that only youth offenders eligible under subsection
12 (f) will be enrolled in postsecondary programs.

13 (e) PROGRAM REQUIREMENTS.—Each State correc-
14 tional education agency receiving a grant under this sec-
15 tion shall—

16 (1) integrate activities carried out under the
17 grant with the objectives and activities of the school-
18 to-work programs of such State, including—

19 (A) work experience or apprenticeship pro-
20 grams;

21 (B) transitional worksite job training for
22 vocational education students that is related to
23 the occupational goals of such students and
24 closely linked to classroom and laboratory in-
25 struction;

1 (C) placement services in occupations that
2 the students are preparing to enter;

3 (D) employment-based learning programs;
4 and

5 (E) programs that address State and local
6 labor shortages;

7 (2) annually report to the Secretary and the At-
8 torney General on the results of the evaluations con-
9 ducted using the methods and performance measures
10 contained in the proposal; and

11 (3) provide to each State for each student eligi-
12 ble under subsection (f) not more than \$1,500 annu-
13 ally for tuition, books, and essential materials, and
14 not more than \$300 annually for related services
15 such as career development, substance abuse coun-
16 seling, parenting skills training, and health edu-
17 cation, for each eligible incarcerated youth.

18 (f) STUDENT ELIGIBILITY.—A youth offender shall
19 be eligible for participation in a program receiving a grant
20 under this section if the youth offender—

21 (1) is eligible to be released within 5 years (in-
22 cluding a youth offender who is eligible for parole
23 within such time); and

24 (2) is 25 years of age or younger.

1 (g) LENGTH OF PARTICIPATION.—A State correc-
2 tional education agency receiving a grant under this sec-
3 tion shall provide educational and related services to each
4 participating youth offender for a period not to exceed 5
5 years, 1 year of which may be devoted to study in a grad-
6 uate education degree program or to remedial education
7 services for students who have obtained a secondary school
8 diploma. Educational and related services shall start dur-
9 ing the period of incarceration in prison or prerelease and
10 may continue during the period of parole.

11 (h) EDUCATION DELIVERY SYSTEMS.—State correc-
12 tional education agencies and cooperating institutions
13 shall, to the extent practicable, use high-tech applications
14 in developing programs to meet the requirements and
15 goals of this section.

16 (i) ALLOCATION OF FUNDS.—From the amounts ap-
17 propriated pursuant to subsection (j), the Secretary shall
18 allot to each State an amount that bears the same rela-
19 tionship to such funds as the total number of students
20 eligible under subsection (f) in such State bears to the
21 total number of such students in all States.

22 (j) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to carry out this section
24 \$14,000,000 for fiscal year 1999 and such sums as may
25 be necessary for each of the 4 succeeding fiscal years.

1 (A) in subparagraph (A), by striking “in-
2 termediate educational unit” and inserting
3 “educational service agency”; and

4 (B) in subparagraph (B), by striking “in-
5 termediate educational units” and inserting
6 “educational service agencies”; and

7 (5) by amending subparagraph (C) to read as
8 follows:

9 “(C) provide the child a free appropriate
10 public education in accordance with part B of
11 the Individuals with Disabilities Education Act
12 and procedural safeguards in accordance with
13 the following provisions of section 615 of such
14 Act:

15 “(i) paragraphs (1), and (3) through
16 (6), of subsection (b).

17 “(ii) Subsections (e) through (g).

18 “(iii) Subsection (h), except for the
19 matter in paragraph (4) pertaining to
20 transmission of findings and decisions to a
21 State advisory panel.

22 “(iv) Paragraphs (1) and (2) of sub-
23 section (i).

24 “(v) Subsection (j)—

1 “(I) except that such subsection
2 shall not be applicable to a decision by
3 the University to refuse to admit a
4 child; or

5 “(II) to dismiss a child, except
6 that, before dismissing any child, the
7 University shall give at least 60 days
8 written notice to the child’s parents
9 and to the local educational agency in
10 which the child resides, unless the dis-
11 missal involves a suspension, expul-
12 sion, or other change in placement
13 covered under section 615(k).

14 “(vi) Subsections (k) through (m).”.

15 **SEC. 763. AGREEMENT WITH GALLAUDET UNIVERSITY.**

16 Section 105(a) of the Education of the Deaf Act of
17 1986 (20 U.S.C. 4305(a)) is amended—

18 (1) by striking “within 1 year after enactment
19 of the Education of the Deaf Act Amendments of
20 1992, a new” and inserting “and periodically up-
21 date, an”; and

22 (2) by amending the second sentence to read as
23 follows: “The Secretary or the University shall de-
24 termine the necessity for the periodic update de-
25 scribed in the preceding sentence.”.

1 **SEC. 764. AGREEMENT FOR THE NATIONAL TECHNICAL IN-**
2 **STITUTE FOR THE DEAF.**

3 Paragraph (2) of section 112(a) of the Education of
4 the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended
5 to read as follows:

6 “(2) The Secretary and the institution of higher edu-
7 cation with which the Secretary has an agreement under
8 this section—

9 “(A) shall periodically assess the need for modi-
10 fication of the agreement; and

11 “(B) shall periodically update the agreement as
12 determined necessary by the Secretary or the insti-
13 tution.”.

14 **SEC. 765. DEFINITIONS.**

15 Section 201 of the Education of the Deaf Act of 1986
16 (20 U.S.C. 4351) is amended—

17 (1) in paragraph (1)(C), by striking “Palau
18 (but only until the Compact of Free Association with
19 Palau takes effect),”; and

20 (2) in paragraph (5)—

21 (A) by inserting “and” after “Virgin Is-
22 lands,”; and

23 (B) by striking “, and Palau (but only
24 until the Compact of Free Association with
25 Palau takes effect)”.

1 **SEC. 766. GIFTS.**

2 Subsection (b) of section 203 of the Education of the
3 Deaf Act of 1986 (20 U.S.C. 4353) is amended to read
4 as follows:

5 “(b) INDEPENDENT FINANCIAL AND COMPLIANCE
6 AUDIT.—

7 “(1) IN GENERAL.—Gallaudet University shall
8 have an annual independent financial and compli-
9 ance audit made of the programs and activities of
10 the University, including the national mission and
11 school operations of the elementary and secondary
12 education programs at Gallaudet. The institution of
13 higher education with which the Secretary has an
14 agreement under section 112 shall have an annual
15 independent financial and compliance audit made of
16 the programs and activities of such institution of
17 higher education, including NTID, and containing
18 specific schedules and analyses for all NTID funds,
19 as determined by the Secretary.

20 “(2) COMPLIANCE.—As used in paragraph (1),
21 compliance means compliance with sections 102(b),
22 105(b)(4), 112(b)(5), and 203(c), paragraphs (2)
23 and (3) of section 207(b), subsections (b)(2), (b)(3),
24 and (c) through (f), of section 207, and subsections
25 (b) and (c) of section 210.

1 “(3) SUBMISSION OF AUDITS.—A copy of each
2 audit described in paragraph (1) shall be provided to
3 the Secretary within 15 days of acceptance of the
4 audit by the University or the institution authorized
5 to establish and operate the NTID under section
6 112(a), as the case may be, but not later than Janu-
7 ary 10 of each year.”.

8 **SEC. 767. REPORTS.**

9 Section 204(3) of the Education of the Deaf Act of
10 1986 (20 U.S.C. 4354(3)) is amended—

11 (1) in subparagraph (A), by striking “The an-
12 nual” and inserting “A summary of the annual”;
13 and

14 (2) in subparagraph (B), by striking “the an-
15 nual” and inserting “a summary of the annual”.

16 **SEC. 768. MONITORING, EVALUATION, AND REPORTING.**

17 Section 205(c) of the Education of the Deaf Act of
18 1986 (20 U.S.C. 4355(c)) is amended by striking “1993,
19 1994, 1995, 1996, and 1997” and inserting “1998
20 through 2003”.

21 **SEC. 769. INVESTMENTS.**

22 Section 207 of the Education of the Deaf Act of 1986
23 (20 U.S.C. 4357) is amended—

24 (1) in subsection (c)(1), by inserting “the Fed-
25 eral contribution of” after “shall invest”;

1 (2) in subsection (d)(3)(A), by striking “prior”
2 and inserting “current”; and

3 (3) in subsection (h)—

4 (A) in paragraph (1), by striking “1993
5 through 1997” and inserting “1998 through
6 2003”; and

7 (B) in paragraph (2), by striking “1993
8 through 1997” and inserting “1998 through
9 2003”.

10 **SEC. 770. INTERNATIONAL STUDENTS.**

11 Section 210(a) of the Education of the Deaf Act of
12 1986 (20 U.S.C. 4359a(a)) is amended by inserting before
13 the period “, except that in any school year no United
14 States citizen who is qualified to be admitted to the Uni-
15 versity or NTID and applies for admission to the Univer-
16 sity or NTID shall be denied admission because of the
17 admission of an international student”.

18 **SEC. 771. RESEARCH PRIORITIES.**

19 Section 211 of the Education of the Deaf Act of 1986
20 (20 U.S.C. 4360) is amended to read as follows:

21 **“SEC. 211. RESEARCH PRIORITIES.**

22 “(a) RESEARCH PRIORITIES.—Gallaudet University
23 and the National Technical Institute for the Deaf shall
24 each establish and disseminate priorities, that reflect pub-
25 lic input, through a process that includes consumers, con-

1 stituent groups, and the heads of other federally funded
 2 programs. The priorities for the University shall include
 3 activities conducted as part of the University's elementary
 4 and secondary education programs under section 104.

5 “(b) RESEARCH REPORTS.—The University and
 6 NTID shall each prepare and submit an annual research
 7 report, to the Secretary, the Committee on Education and
 8 the Workforce of the House of Representatives, and the
 9 Committee on Labor and Human Resources of the Senate,
 10 not later than January 10 of each year, that shall in-
 11 clude—

12 “(1) a summary of the public input received as
 13 part of the establishment and dissemination of prior-
 14 ities required by subsection (a), and the University's
 15 and NTID's response to the input; and

16 “(2) a summary description of the research un-
 17 dertaken by the University and NTID, the start and
 18 projected end dates for each research project, the
 19 projected cost and source or sources of funding for
 20 each project, and any products resulting from re-
 21 search completed in the prior fiscal year.”.

22 **SEC. 772. AUTHORIZATION OF APPROPRIATIONS.**

23 Title II of the Education of the Deaf Act of 1986
 24 (20 U.S.C. 4351 et seq.) is amended by adding at the end
 25 the following:

1 **“SEC. 212. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) GALLAUDET UNIVERSITY.—There are author-
3 ized to be appropriated such sums as may be necessary
4 for each of the fiscal years 1998 through 2003 to carry
5 out the provisions of titles I and II, relating to—

6 “(1) Gallaudet University;

7 “(2) Kendall Demonstration Elementary
8 School; and

9 “(3) the Model Secondary School for the Deaf.

10 “(b) NATIONAL TECHNICAL INSTITUTE FOR THE
11 DEAF.—There are authorized to be appropriated such
12 sums as may be necessary for each of the fiscal years 1998
13 through 2003 to carry out the provisions of titles I and
14 II relating to the National Technical Institute for the
15 Deaf.”.

16 **SEC. 773. COMMISSION ON EDUCATION OF THE DEAF.**

17 The Education of the Deaf Act of 1986 (20 U.S.C.
18 4301 et seq.) is amended by adding at the end the follow-
19 ing:

20 **“TITLE III—COMMISSION ON**
21 **EDUCATION OF THE DEAF**

22 **“SEC. 301. COMMISSION ESTABLISHED.**

23 “(a) ESTABLISHMENT.—

24 “(1) IN GENERAL.—The Secretary shall estab-
25 lish a Commission on the Education of the Deaf to
26 identify those education-related factors in the lives

1 of individuals who are deaf that result in barriers to
2 successful postsecondary education experiences and
3 employment, and those education-related factors in
4 the lives of individuals who are deaf that contribute
5 to successful postsecondary education experiences
6 and employment.

7 “(2) DEFINITION OF INDIVIDUALS WHO ARE
8 DEAF.—In this title, the term ‘individuals who are
9 deaf’ means all persons with hearing impairments,
10 including those who are hard-of-hearing, those deaf-
11 ened later in life, and those who are profoundly deaf.

12 “(b) COMPOSITION.—

13 “(1) IN GENERAL.—The Commission shall be
14 composed of 13 members appointed by the Secretary
15 from recommendations made by the National Asso-
16 ciation of the Deaf, the American Society for Deaf
17 Children, the Alexander Graham Bell Association,
18 the President of Gallaudet, the Vice President of the
19 National Technical Institute for the Deaf, State
20 Schools for the Deaf, projects to train teachers of
21 the deaf funded under section 673(b) of the Individ-
22 uals with Disabilities Education Act, parent training
23 and information centers funded under section 682 of
24 such Act, the Regional Centers on Postsecondary
25 Education for Individuals who are Deaf funded

1 under section 672 of such Act, Self-Help for Hard
2 of Hearing People, and the Cothe Council on Edu-
3 cation of the Deaf.

4 “(2) QUALIFICATIONS.—

5 “(A) IN GENERAL.—Members of the Com-
6 mission shall be appointed from among individ-
7 uals who have broad experience and expertise in
8 deafness, program evaluation, education, reha-
9 bilitation, and job training generally, which ex-
10 pertise and experience shall be directly relevant
11 to the issues to be addressed by the Commis-
12 sion.

13 “(B) DEAF INDIVIDUALS.—At least $\frac{1}{3}$ of
14 members of the Commission shall be individuals
15 who are deaf.

16 “(C) CHAIRPERSON.—The chairperson of
17 the Commission shall be elected by a simple
18 majority of the Commission.

19 “(D) ASSISTANT SECRETARY.—One mem-
20 ber of the Commission shall be the Assistant
21 Secretary for Special Education and Rehabilita-
22 tive Services.

23 “(3) DATE.—Members of the Commission shall
24 be appointed not later than 90 days after the date

1 of enactment of the Education of the Deaf Amend-
2 ments of 1998.

3 **“SEC. 302. DUTIES, REPORT, AND DURATION OF THE COM-**
4 **MISSION.**

5 “(a) IDENTIFICATION OF FACTORS.—The Commis-
6 sion shall identify, with respect to individuals who are
7 deaf, factors that pose barriers to or factors that facili-
8 tate—

9 “(1) educational performance and progress of
10 students who are deaf in high school;

11 “(2) educational performance and progress of
12 students who are deaf in postsecondary education;

13 “(3) career exploration and selection;

14 “(4) job performance and satisfaction in initial
15 postsecondary employment; and

16 “(5) career advancement and satisfaction.

17 “(b) REPORT.—The Commission shall report to the
18 President and Congress such interim reports that the
19 Commission deems appropriate, and not later than 18
20 months after the date of enactment of the Education of
21 the Deaf Amendments of 1998, a final report containing
22 the findings of the Commission with respect to the factors
23 identified under subsection (a). The final report shall in-
24 clude recommendations, including legislative proposals,
25 that the Commission deems advisable.

1 “(c) TERMINATION.—The Commission shall termi-
2 nate 90 days after the date on which the Commission sub-
3 mits the Commission’s final report described in subsection
4 (b).

5 **“SEC. 303. ADMINISTRATIVE PROVISIONS.**

6 “(a) PERSONNEL.—

7 “(1) IN GENERAL.—The Commission may ap-
8 point such personnel, including a staff director, as
9 the Commission deems necessary without regard to
10 the provisions of title 5, United States Code, except
11 that the rate pay for any employee of the Commis-
12 sion may not exceed the rate payable for level V of
13 the Executive Schedule under section 5316 of title
14 5, United States Code.

15 “(2) PROCUREMENT OF TEMPORARY AND
16 INTERMITTENT SERVICES.—The Chairperson of the
17 Commission may procure temporary and intermit-
18 tent services under section 3109(b) of title 5, United
19 States Code, at rates for individuals which do not
20 exceed the daily equivalent of the annual rate of
21 basic pay prescribed for level V of the Executive
22 Schedule under section 5316 of such title.

23 “(b) HEARINGS; QUORUM.—

24 “(1) HEARINGS.—The Commission or, with the
25 authorization of the Commission, any committee of

1 the Commission, may, for the purpose of carrying
2 out the provisions of this title, hold such hearings,
3 sit, and act at such times and such places in the
4 United States as the Commission or such committee
5 may deem advisable.

6 “(2) QUORUM.—Seven members of the Com-
7 mission shall constitute a quorum, but 2 or more
8 members may conduct hearings.

9 “(3) HEARINGS AND PUBLIC INPUT.—In con-
10 ducting hearings and acquiring public input under
11 this title, the Commission may use various tele-
12 communications media, including teleconferencing,
13 video-conferencing, the Internet, and other media.

14 “(c) CONSULTATION; INFORMATION AND STATISTICS;
15 AGENCY COOPERATION.—

16 “(1) IN GENERAL.—In carrying out the Com-
17 mission’s duties under this title and to the extent
18 not prohibited by Federal law, the Commission is
19 authorized to secure consultation, information, sta-
20 tistics, and cooperation from Federal agencies, enti-
21 ties funded by the Federal Government, and other
22 entities the Commission deems advisable.

23 “(2) SPECIAL RULE.—The Commission is au-
24 thorized to use, with their consent, the services, per-
25 sonnel, information, and facilities of other Federal,

1 State, local, and private agencies with or without re-
2 imbursement.

3 **“SEC. 304. COMPENSATION OF MEMBERS.**

4 “(a) UNITED STATES OFFICER AND EMPLOYEE
5 MEMBERS.—Members of the Commission who are officers
6 or full-time employees of the United States shall serve
7 without compensation in addition to that received for their
8 services as officers or employees of the United States; but
9 may be allowed travel expenses, including per diem in lieu
10 of subsistence, at rates authorized for employees of agen-
11 cies under subchapter I of chapter 57 of title 5, United
12 States Code, while away from their homes or regular
13 places of business in the performance of services for the
14 Commission.

15 “(b) PUBLIC MEMBERS.—Members of the Commis-
16 sion who are not officers or full-time employees of the
17 United States shall receive compensation at a rate that
18 does not exceed the daily rate payable for level V of the
19 Executive Schedule under section 5316 of title 5, United
20 States Code, for each day (including travel time) during
21 which such members are engaged in the actual perform-
22 ance of the duties of the Commission. In addition, such
23 members may be allowed travel expenses, including per
24 diem in lieu of subsistence, at rates authorized for employ-
25 ees of agencies under subchapter I of chapter 57 of title

1 5, United States Code, while away from their homes or
2 regular places of business in the performance of services
3 for the Commission.

4 **“SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.**

5 “There is authorized to be appropriated to carry out
6 this title such sums as may be necessary for each of the
7 fiscal years 1999 and 2000.”.

8 **PART G—REPEALS**

9 **SEC. 781. REPEALS.**

10 (a) HIGHER EDUCATION ACT OF 1965.—The follow-
11 ing provisions of the Act (20 U.S.C. 1001 et seq.) are re-
12 pealed:

13 (1) The heading for, sections 701 and 702 of,
14 and parts A, C, D, and E of, title VII (20 U.S.C.
15 1132a, 1132a–1, 1132b et seq., 1132d et seq.,
16 1132f et seq., and 1132i et seq.).

17 (2) Title VIII (20 U.S.C. 1133 et seq.).

18 (3) The heading for, section 901 of, and parts
19 A, B, E, F, and G of, title IX (20 U.S.C. 1134,
20 1134a et seq., 1134d et seq., 1134r et seq., 20
21 U.S.C. 1134s et seq., and 1134u et seq.).

22 (4) The heading for, subpart 2 of part B of,
23 and parts C, D and E of, title X (20 U.S.C. 1135c
24 et seq., 1135e et seq., 1135f, and 1135g et seq.).

1 (5) The heading for, and part B of, title XI (20
2 U.S.C. 1137 et seq.).

3 (b) HIGHER EDUCATION AMENDMENTS OF 1992.—
4 The following provisions of the Higher Education Amend-
5 ments of 1992 (Public Law 102–325; 106 Stat 448) are
6 repealed:

7 (1) Parts E, F, and G of title XIII of the High-
8 er Education Amendments of 1992 (25 U.S.C. 3332
9 et seq., 3351 et seq., 3371) are repealed.

10 (2) Title XIV.

11 (3) Title XV.

12 **PART H—MISCELLANEOUS**

13 **SEC. 791. YEAR 2000 COMPUTER PROBLEM.**

14 (a) SENSE OF CONGRESS.—With the year 2000 fast
15 approaching, it is the sense of Congress that the Depart-
16 ment of Education should—

17 (1) assess immediately the extent of the risk to
18 the operations of the student financial aid system
19 posed by the year 2000 computer problem;

20 (2) give the highest priority to correcting all 2-
21 digit date-related problems in the Department’s
22 computer systems to ensure that those systems con-
23 tinue to operate effectively in the year 2000 and be-
24 yond; and

1 (3) develop contingency plans, with respect to
2 the year 2000 computer problem, for those computer
3 systems that the Department is unable to correct in
4 time.

5 (b) REPORT REQUIRED.—Not later than March 1,
6 1999, the Secretary of Education shall provide a report
7 to the Committee on Labor and Human Resources of the
8 Senate and the Committee on Education and the Work-
9 force of the House of Representatives describing the com-
10 pliance status of all mission critical systems at the Depart-
11 ment, and contingency plans for those computer systems
12 in the Department that the Department will be unable to
13 correct in time, with respect to the year 2000 computer
14 problem.

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