

Calendar No. 354

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 1882**

[Report No. 105-181]

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**A BILL**

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

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MAY 4, 1998

Reported with an amendment

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## IN THE SENATE OF THE UNITED STATES

MARCH 30, 1998

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

MAY 4, 1998

Reported by Mr. JEFFORDS, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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## 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”.

1 **SEC. 2. REFERENCES.**

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

8 **TITLE I—GENERAL PROVISIONS**

9 **SEC. 101. GENERAL PROVISIONS.**

10 (a) **REPEAL, TRANSFER AND REDESIGNATION.**—The  
 11 Act (20 U.S.C. 1001 et seq.) is amended—

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

14 (2) by repealing sections 1203, 1206, 1211, and  
 15 1212 (20 U.S.C. 1143, 1145a, 1145e, and 1145f);

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

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

20 **“TITLE I—GENERAL**  
 21 **PROVISIONS”**;

22 (5) by transferring sections 1201, 1202, 1204  
 23 (as renumbered by Public Law 90-575), 1204 (as  
 24 added by Public Law 96-374), 1205, 1207, 1208,  
 25 1209, 1210, and 1213 (20 U.S.C. 1141, 1142,  
 26 1144, 1144a, 1145, 1145b, 1145c, 1145d, 1145d-1,

1 and 1145g) to follow the heading for title I (as in-  
 2 serted by paragraph (4)); and

3 (6) by redesignating sections ~~1201, 1202, 1204~~  
 4 (as renumbered by Public Law 90-575), ~~1204~~ (as  
 5 added by Public Law 96-374), ~~1205, 1207, 1208,~~  
 6 ~~1209, 1210, and 1213~~ as sections 101, 102, 103,  
 7 104, 105, 106, 107, 108, 109, and 110, respectively.

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

9 Section ~~103~~ (as redesignated by section 101(a)(6))  
 10 (~~20 U.S.C. 1144~~) is amended by striking “(b)”.

11 **SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITU-**  
 12 **TIONAL QUALITY AND INTEGRITY.**

13 Section ~~105~~ (as redesignated by section 101(a)(6))  
 14 (~~20 U.S.C. 1145~~) is amended—

15 (1) by striking the last sentence of subsection  
 16 (a);

17 (2) by redesignating subsections (e) through (f)  
 18 as subsections (d) through (g), respectively;

19 (3) by inserting after subsection (b) the follow-  
 20 ing:

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

22 “(1) annually publish in the Federal Register a  
 23 list containing the name of each member of the  
 24 Committee and the date of the expiration of the  
 25 term of office of the member; and

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

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

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

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

9                     (5) in subsection (g) (as redesignated by para-  
10                    graph (2)); by striking “1998” and inserting  
11                    “2004”.

12 **SEC. 104. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF**  
13 **PAYMENTS.**

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

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

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

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

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

1 effective date of the Higher Education Amendments  
2 of 1992.

3 “(2) POST-1992 AND PRE-1998 PART C OF TITLE  
4 VII.—There are authorized to be appropriated such  
5 sums as may be necessary for fiscal year 1999 and  
6 for each of the 4 succeeding fiscal years to pay obli-  
7 gations incurred prior to the date of enactment of  
8 the Higher Education Amendments of 1998 under  
9 part C of title VII, as such part was in effect during  
10 the period—

11 “(A) after the effective date of the Higher  
12 Education Amendments of 1992; and

13 “(B) prior to the date of enactment of the  
14 Higher Education Amendments of 1998.

15 “(b) LEGAL RESPONSIBILITIES.—

16 “(1) PRE-1987 TITLE VII.—All entities with con-  
17 tinuing obligations incurred under parts A, B, C,  
18 and D of title VII, as such parts were in effect be-  
19 fore the effective date of the Higher Education  
20 Amendments of 1992, shall be subject to the re-  
21 quirements of such part as in effect before the effec-  
22 tive date of the Higher Education Amendments of  
23 1992.

24 “(2) POST-1992 AND PRE-1998 PART C OF TITLE  
25 VII.—All entities with continuing obligations in-

1       curred under part C of title VII, as such part was  
2       in effect during the period—

3               “(A) after the effective date of the Higher  
4               Education Amendments of 1992; and

5               “(B) prior to the date of enactment of the  
6               Higher Education Amendments of 1998;

7       shall be subject to the requirements of such part as  
8       such part was in effect during such period.

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

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

23       “(b) RECOVERY UPON CESSATION OF PUBLIC BENE-  
24       FIT.—If, within 20 years after completion of construction  
25       of an academic facility which has been constructed, in part

1 with a grant under part A of title VII as such part A  
2 was in effect prior to the date of enactment of the Higher  
3 Education Amendments of 1998, or part B of title VII  
4 as such part B was in effect prior to the date of enactment  
5 of the Higher Education Amendments of 1992—

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

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

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



1       “(e) PROHIBITION ON USE FOR RELIGION.—Not-  
 2 withstanding the provisions of subsections (a) and (b), no  
 3 project assisted with funds under title VII (as in effect  
 4 prior to the date of enactment of the Higher Education  
 5 Amendments of 1998) shall ever be used for religious wor-  
 6 ship or a sectarian activity or for a school or department  
 7 of divinity.”.

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

9       (a) CONFORMING AMENDMENTS CORRECTING REF-  
 10 ERENCES TO SECTION 1201.—

11           (1) AGRICULTURE.—

12               (A) STUDENT INTERNSHIP PROGRAMS.—

13           Section 922 of the Federal Agriculture Im-  
 14 provement and Reform Act of 1996 (7 U.S.C.  
 15 2279e) is amended—

16               (i) in subsection (a)(1)(B)—

17                       (I) by striking “1201” and in-  
 18 serting “101”; and

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

21               (ii) in subsection (b)(1)—

22                       (I) by striking “1201” and in-  
 23 serting “101”; and

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

1           (B) AGRICULTURAL SCIENCES EDU-  
 2           CATION.—Section 1417(h)(1)(A) of the Na-  
 3           tional Agricultural Research, Extension, and  
 4           Teaching Policy Act of 1977 (7 U.S.C.  
 5           3152(h)(1)(A)) is 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          (2) ARMED FORCES.—

11           (A) SCIENCE AND MATHEMATICS EDU-  
 12           CATION IMPROVEMENT PROGRAM.—Section  
 13           2193(c)(1) of title 10, United States Code, is  
 14           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           (B) SUPPORT OF SCIENCE, MATHEMATICS,  
 20           AND ENGINEERING EDUCATION.—Section  
 21           2199(2) of title 10, United States Code, is  
 22           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                   (C) ALLOWABLE COSTS UNDER DEFENSE  
4                   CONTRACTS.—Section 841(c)(2) of the National  
5                   Defense Authorization Act for fiscal year 1994  
6                   (10 U.S.C. 2324 note) is amended—

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                  (D) ENVIRONMENTAL RESTORATION INSTI-  
12                  TUTIONAL GRANTS FOR TRAINING DISLOCATED  
13                  DEFENSE WORKERS AND YOUNG ADULTS.—Sec-  
14                  tion 1333(i)(3) of the National Defense Author-  
15                  ization Act for fiscal year 1994 (10 U.S.C.  
16                  2701 note) is amended—

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

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

21                  (E) ENVIRONMENTAL EDUCATION OPPOR-  
22                  TUNITIES PROGRAM.—Section 1334(k)(3) of the  
23                  National Defense Authorization Act for fiscal  
24                  year 1994 (10 U.S.C. 2701 note) 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 (F) ENVIRONMENTAL SCHOLARSHIP AND  
6 FELLOWSHIP PROGRAMS.—Section 4451(b)(1)  
7 of the National Defense Authorization Act for  
8 1993 (10 U.S.C. 2701 note) is 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 ~~(3) APPLICATION OF ANTITRUST LAWS TO~~  
14 ~~AWARD OF NEED-BASED EDUCATIONAL AID.—~~Sec-  
15 tion 568(c)(3) of the Improving America’s Schools  
16 Act of 1994 (15 U.S.C. 1 note) is amended—

17 (A) by striking “1201(a)” and inserting  
18 “101(a)”; and

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

20 (4) RESTRICTIONS ON FORMER OFFICERS, EM-  
21 PLOYEES, AND ELECTED OFFICIALS OF THE EXECU-  
22 TIVE AND LEGISLATIVE BRANCHES.—Section  
23 207(j)(2)(B) of title 18, United States Code, is  
24 amended by striking “1201(a)” and inserting  
25 “101(a)”.

1           (5) EDUCATION.—

2                   (A) HIGHER EDUCATION AMENDMENTS OF  
3 1992.—Section 1(e) of the Higher Education  
4 Amendments of 1992 (20 U.S.C. 1001 note) is  
5 amended by striking “1201” and inserting  
6 “101”.

7                   (B) PART F DEFINITIONS.—Section 481 of  
8 the Higher Education Act of 1965 (20 U.S.C.  
9 1088) is amended—

10                   (i) in subsection (a)—

11                           (I) in the matter preceding para-  
12 graph (1)(A), by striking “1201(a)”  
13 and inserting “101(a)”;

14                           (II) in paragraph (1)(C), by  
15 striking “1201(a)” and inserting  
16 “101(a)”;

17                           (III) in the first sentence of the  
18 matter preceding clause (i) of para-  
19 graph (2)(A), by striking “1201(a)”  
20 and inserting “101(a)”; and

21                           (IV) in the matter following  
22 paragraph (2)(B)(ii), by striking  
23 “1201(a)” and inserting “101(a)”;

24                   (ii) in subsection (b)—

25                           (I) in the first sentence—

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

4 (bb) in paragraph (3), by  
5 striking “1201(a)” and inserting  
6 “101(a)”; and

7 (H) in the second sentence, by  
8 striking “1201(a)” and inserting  
9 “101(a)”; and

10 (iii) in subsection (c)—

11 (I) in the first sentence, by strik-  
12 ing “1201(a)” and inserting  
13 “101(a)”; and

14 (II) in the second sentence, by  
15 striking “1201(a)” and inserting  
16 “101(a)”.

17 (C) TREATMENT OF BRANCHES.—Section  
18 498(j)(2) of the Higher Education Act of 1965  
19 (20 U.S.C. 1099e(j)(2)) is amended by striking  
20 “1201(a)(2)” and inserting “101(a)(2)”.

21 (D) SMALL STATE TEACHING INITIA-  
22 TIVE.—Section 591(d)(2) of the Higher Edu-  
23 cation Act of 1965 (20 U.S.C. 1115(d)(2)) is  
24 amended by striking “1201(a)” and inserting  
25 “101(a)”.

1           (E) INTERNATIONAL EDUCATION PRO-  
2 GRAMS.—Section 631(a)(8) of the Higher Edu-  
3 cation Act of 1965 (20 U.S.C. 1132(a)(8)) is  
4 amended by striking “1201(a)” each place it  
5 appears and inserting “101(a)”.

6           (F) DWIGHT D. EISENHOWER LEADERSHIP  
7 PROGRAM.—Section 1081(d) of the Higher  
8 Education Act of 1965 (20 U.S.C. 1135f(d)) is  
9 amended by striking “1201” and inserting  
10 “101”.

11           (G) DISCLOSURE REQUIREMENTS.—Sec-  
12 tion 429(d)(2)(B)(ii) of the General Education  
13 Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii))  
14 is amended by striking “1201(a)” and inserting  
15 “101(a)”.

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

21           (I) TECH-PREP EDUCATION.—Section  
22 347(2)(A) of the Carl D. Perkins Vocational  
23 and Applied Technology Education Act (20  
24 U.S.C. 2394c(2)(A)) is amended by striking  
25 “1201(a)” and inserting “101(a)”.

1           (J) EDUCATION FOR ECONOMIC SECUR-  
2           RITY.—Section 3(6) of the Education for Eco-  
3           nomic Security Act (20 U.S.C. 3902(6)) is  
4           amended by striking “1201(a)” and inserting  
5           “101(a)”.

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

10           (i) in paragraph (3), by striking  
11           “1201(a)” and inserting “101(a)”; and

12           (ii) in paragraph (4), by striking  
13           “1201(d) of the Higher Education Act of  
14           1965” and inserting “14101 of the Ele-  
15           mentary and Secondary Education Act of  
16           1965”.

17           (L) BARRY GOLDWATER SCHOLARSHIPS.—  
18           Section 1403(4) of the Barry Goldwater Schol-  
19           arship and Excellence in Education Act (20  
20           U.S.C. 4702(4)) 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           (M) MORRIS K. UDALL SCHOLARSHIPS.—  
 2           Section 4(6) of the Morris K. Udall Scholarship  
 3           and Excellence in National Environmental and  
 4           Native American Public Policy Act of 1992 (20  
 5           U.S.C. 5602(6)) is amended by striking  
 6           “1201(a)” and inserting “101(a)”.

7           (N) BILINGUAL EDUCATION, AND LAN-  
 8           GUAGE ENHANCEMENT AND ACQUISITION.—  
 9           Section 7501(4) of the Elementary and Second-  
 10          ary Education Act of 1965 (20 U.S.C. 7601(4))  
 11          is amended by striking “1201(a)” and inserting  
 12          “101(a)”.

13          (O) GENERAL DEFINITIONS.—Section  
 14          14101(17) of the Elementary and Secondary  
 15          Education Act of 1965 (20 U.S.C. 8801(17)) is  
 16          amended by striking “1201(a)” and inserting  
 17          “101(a)”.

18          (P) NATIONAL EDUCATION STATISTICS.—  
 19          Section 402(e)(3) of the National Education  
 20          Statistics Act of 1994 (20 U.S.C. 9001(e)(3)) is  
 21          amended by striking “1201(a)” and inserting  
 22          “101(a)”.

23          (6) FOREIGN RELATIONS.—

24                 (A) ENVIRONMENT AND SUSTAINABLE DE-  
 25          VELOPMENT EXCHANGE PROGRAM.—Section

1 240(d) of the Foreign Relations Authorization  
2 Act, Fiscal Years 1994 and 1995 (22 U.S.C.  
3 2452 note) is amended by striking “1201(a)”  
4 and inserting “101(a)”.

5 (B) SAMANTHA SMITH MEMORIAL EX-  
6 CHANGE PROGRAM.—Section 112(a)(8) of the  
7 Mutual Educational and Cultural Exchange Act  
8 of 1961 (22 U.S.C. 2460(a)(8)) is 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) SOVIET-EASTERN EUROPEAN TRAIN-  
14 ING.—Section 803(1) of the Soviet-Eastern Eu-  
15 ropean Research and Training Act of 1983 (22  
16 U.S.C. 4502(1)) is amended by striking  
17 “1201(a)” and inserting “101(a)”.

18 (D) DEVELOPING COUNTRY SCHOLAR-  
19 SHIPS.—Section 603(d) of the Foreign Rela-  
20 tions Authorization Act, Fiscal Years 1986 and  
21 1987 (22 U.S.C. 4703(d)) is amended by strik-  
22 ing “1201(a)” and inserting “101(a)”.

23 (7) INDIANS.—

24 (A) SNYDER ACT.—The last paragraph of  
25 section 410 of the Act entitled “An Act author-

1           izing appropriations and expenditures for the  
 2           administration of Indian Affairs, and for other  
 3           purposes"; approved November 2, 1921 (25  
 4           U.S.C. 13) (commonly known as the Snyder  
 5           Act) is amended by striking "1201" and insert-  
 6           ing "101".

7           (B) TRIBALLY CONTROLLED COMMUNITY  
 8           COLLEGE ASSISTANCE.—Section 2(a)(5) of the  
 9           Tribally Controlled Community College Assist-  
 10          ance Act (25 U.S.C. 1801(a)(5)) is amended by  
 11          striking "1201(a)" and inserting "101(a)".

12          (C) CONSTRUCTION OF NEW FACILITIES.—  
 13          Section 113(b)(2) of the Tribally Controlled  
 14          Community College Assistance Act (25 U.S.C.  
 15          1813(b)(2)) is amended—

16               (i) by striking "1201(a)" and insert-  
 17               ing "101(a)"; and

18               (ii) by striking "(20 U.S.C.  
 19               1141(a))".

20          (D) AMERICAN INDIAN TEACHER TRAIN-  
 21          ING.—Section 1371(a)(1)(B) of the Higher  
 22          Education Amendments of 1992 (25 U.S.C.  
 23          3371(a)(1)(B)) is amended by striking  
 24          "1201(a)" and inserting "101(a)".

25          (8) LABOR.—

1           (A) REHABILITATION DEFINITIONS.—Sec-  
 2           tion 7(32) of the Rehabilitation Act of 1973  
 3           (29 U.S.C. 706(32)) is amended—

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

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

8           (B) STATE PLANS.—Section  
 9           101(a)(7)(A)(iv)(II) of the Rehabilitation Act of  
 10           1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) 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           (C) JTPA DEFINITIONS.—Section 4(12) of  
 17           the Job Training Partnership Act (29 U.S.C.  
 18           1503(12)) is amended by striking “1201(a)”  
 19           and inserting “101(a)”.

20           (D) TUITION CHARGES.—Section  
 21           141(d)(3)(B) of the Job Training Partnership  
 22           Act (29 U.S.C. 1551(d)(3)(B)) 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           (9) SURFACE MINING CONTROL.—Section  
4           701(32) of the Surface Mining Control and Rec-  
5           lamation Act of 1977 (30 U.S.C. 1291(32)) is  
6           amended by striking “1201(a)” and inserting  
7           “101(a)”.

8           (10) POLLUTION PREVENTION.—Section  
9           112(a)(1) of the Federal Water Pollution Control  
10          Act (33 U.S.C. 1262(a)(1)) is amended by striking  
11          “1201” and inserting “101”.

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

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

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

17          (12) BLOCK GRANTS TO STATES.—Section  
18          404(h)(5)(A)(i) of the Social Security Act (42  
19          U.S.C. 604(h)(5)(A)(i)) is amended—

20               (A) by striking “1201(a)” and inserting  
21               “101(a)”; and

22               (B) by striking “(20 U.S.C. 1088(a)(1) or  
23               1141(a))”.

24          (13) PUBLIC HEALTH AND WELFARE.—

1           (A) SCIENTIFIC AND TECHNICAL EDU-  
2           CATION.—Section 3(g) of the Scientific and Ad-  
3           vanced-Technology Act of 1992 (42 U.S.C.  
4           1862i(g)) is amended—

5                   (i) in paragraph (2)—

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

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

10                   (ii) in paragraph (3)—

11                           (I) by striking “1201(a)” and in-  
12                           serting “101(a)”; and

13                           (II) by striking “(20 U.S.C.  
14                           1141(a))”.

15           (B) OLDER AMERICANS.—Section 102(32)  
16           of the Older Americans Act of 1965 (42 U.S.C.  
17           3002(32)) 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           (C) JUSTICE SYSTEM IMPROVEMENT.—  
23           Section 901(17) of the Omnibus Crime Control  
24           and Safe Streets Act of 1968 (42 U.S.C.  
25           3791(17)) 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 (D) ENERGY TECHNOLOGY COMMER-  
6 CIALIZATION SERVICES PROGRAM.—Section  
7 362(f)(5)(A) of the Energy Policy and Con-  
8 servation Act (42 U.S.C. 6322(f)(5)(A)) is  
9 amended—

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

12 (ii) by striking “(20 U.S.C.  
13 1141(a))”.

14 (E) ENVIRONMENTAL RESTORATION AND  
15 WASTE MANAGEMENT.—Section 3132(b)(1) of  
16 the National Defense Authorization Act for Fis-  
17 cal Years 1992 and 1993 (42 U.S.C.  
18 7274e(b)(1)) is amended—

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

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

23 (F) HEAD START.—Section 649(e)(3) of  
24 the Head Start Act (42 U.S.C. 9844(e)(3)) is  
25 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 (G) STATE DEPENDENT CARE DEVELOP-  
6 MENT GRANTS.—Section 670G(5) of the Child  
7 Care and Development Block Grant Act of  
8 1990 (42 U.S.C. 9877(5)) is amended by strik-  
9 ing “1201(a)” and inserting “101(a)”.

10 (H) INSTRUCTIONAL ACTIVITIES FOR LOW-  
11 INCOME YOUTH.—The matter preceding sub-  
12 paragraph (A) of section 682(b)(1) of the Com-  
13 munity Services Block Grant Act (42 U.S.C.  
14 9910e(b)(1)) is amended by striking “1201(a)”  
15 and inserting “101(a)”.

16 (I) DRUG ABUSE EDUCATION.—Section  
17 3601(7) of the Anti-Drug Abuse Act of 1988  
18 (42 U.S.C. 11851(7)) is amended—

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

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

23 (J) NATIONAL AND COMMUNITY SERV-  
24 ICE.—Section 101(13) of the National and



1 Community Service Act of 1990 (42 U.S.C.  
2 12511(13)) 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 ~~(K) CIVILIAN COMMUNITY CORPS.~~—Section  
8 166(6) of the National and Community Service  
9 Act of 1990 (42 U.S.C. 12626(6)) is amend-  
10 ed—

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

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

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

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

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

24 ~~(M) POLICE CORPS.~~—The definition of in-  
25 stitution of higher education in section 200103

1 of the Police Corps Act (42 U.S.C. 14092) is  
2 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 (N) LAW ENFORCEMENT SCHOLARSHIP  
8 PROGRAM.—The definition of institution of  
9 higher education in section 200202 of the Law  
10 Enforcement Scholarship and Recruitment Act  
11 (42 U.S.C. 14111) 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 (14) TELECOMMUNICATIONS.—Section  
17 223(h)(4) of the Telecommunications Act of 1934  
18 (47 U.S.C. 223(h)(4)) is amended—

19 (A) by striking “1201” and inserting  
20 “101”; and

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

22 (15) WAR AND NATIONAL DEFENSE.—Section  
23 808(3) of the David L. Boren National Security  
24 Education Act of 1991 (50 U.S.C. 1908(3)) is  
25 amended—

1           (A) by striking “1201(a)” and inserting  
2           “101(a)”; and

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

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

6           (1) in section 402A(c)(2) (20 U.S.C. 1070a–  
7       11(c)(2)), by striking “1210” and inserting “110”;

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

9           (A) in subsection (a)—

10           (i) in paragraph (1)—

11           (I) in the matter preceding sub-  
12       paragraph (A), by striking “1201(a)”  
13       and inserting “101(a)”; and

14           (II) in subparagraph (C), by  
15       striking “1201(a)” and inserting  
16       “101(a)”; and

17           (ii) in paragraph (2)—

18           (I) in the matter preceding clause  
19       (i) of subparagraph (A), by striking  
20       “1201(a)” and inserting “101(a)”;  
21       and

22           (II) in the matter following  
23       clause (ii) of subparagraph (B), by  
24       striking “1201(a)” and inserting  
25       “101(a)”; and

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

4           (C) in subsection (c), by striking  
5           “1201(a)” each place the term appears and in-  
6           serting “101(a)”;

7           (3) in section 485(f)(1)(I) (20 U.S.C.  
8           1092(f)(1)(I)), by striking “1213” and inserting  
9           “111”;

10          (4) in section 498(j)(2) (20 U.S.C.  
11          1099e(j)(2)), by striking “1201(a)(2)” and inserting  
12          “101(a)(2)”;

13          (5) in section 591(d)(2) (20 U.S.C.  
14          1115(d)(2)), by striking “1201(a)” and inserting  
15          “101(a)”;

16          (6) in section 631(a)(8) (20 U.S.C.  
17          1132(a)(8))—

18                 (A) by striking “section 1201(a)” each  
19                 place the term appears and inserting “section  
20                 101(a)”; and

21                 (B) by striking “of 1201(a)” and inserting  
22                 “of section 101(a)”; and

23          (7) in section 1081(d) (20 U.S.C. 1135f(d)), by  
24          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 eludes—

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(e) 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           “(e) 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, 1069e, 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. 1132e 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. 1132e and 1132e-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)”; and

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)”; and

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”; and

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”; and

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



1           (6) in section 345(2) (as redesignated by sub-  
2           section (a)(4)) (20 U.S.C. 1132e-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. 1132e-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)”; and

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)”; and

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. 1059e) 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 (e), 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 (e); 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 (c)(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 ½ 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           mentation, a fixture, real property or an inter-  
2           est therein, described in this paragraph;

3           “(E) a facility designed to provide pri-  
4           marily outpatient health care for students or  
5           faculty;” and

6           (4) in subparagraph (G) (as redesignated by  
7           paragraph (2)), by striking “(C)” and inserting  
8           “(F)”.

9           (b) FULL FAITH AND CREDIT.—Section 343 (as re-  
10          designated by section 301(a)(4)) (20 U.S.C. 1132e-2) is  
11          amended by adding at the end the following:

12          “(e) Notwithstanding any other provision of law, the  
13          Secretary may sell a qualified bond guaranteed under this  
14          part to any party that offers terms that the Secretary de-  
15          termines are in the best interest of the eligible institu-  
16          tion.”.

17          **SEC. 307. MINORITY SCIENCE AND ENGINEERING IMPROVE-**  
18   **MENT PROGRAM.**

19          Section 365(4) (as redesignated by section 301(a)(7))  
20          (20 U.S.C. 1135d-5(4)) is amended by inserting “behav-  
21          ioral,” after “physical,”.

22          **SEC. 308. GENERAL PROVISIONS.**

23          (a) APPLICATIONS.—Paragraph (1) of section 391(b)  
24          (as redesignated by section 301(a)(2)) (20 U.S.C.

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 1099e 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 (e)(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          taged backgrounds with careers in which the individuals  
24          are particularly underrepresented” before the semicolon.

1 (e) 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. 1070e 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 “(c) 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. 1070e(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. 1070e-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           “(e) 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           cluding 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 “(e) 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(1).

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(e)(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(e)(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(e)” 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           ~~‘2.8 percent’, subject to clause (iv) of this sub-~~  
 2           ~~paragraph.~~

3           ~~“(iv) LIMITATION ON SPECIAL ALLOW-~~  
 4           ~~ANCES FOR PLUS LOANS.—In the case of loans~~  
 5           ~~disbursed on or after July 1, 1998, for which~~  
 6           ~~the interest rate is determined under section~~  
 7           ~~427A(a)(3), a special allowance shall not be~~  
 8           ~~paid for a loan made under section 428B unless~~  
 9           ~~the rate determined for any 12-month period~~  
 10           ~~under section 427A(a)(3) exceeds 9 percent.”.~~

11           ~~(2) CONFORMING AMENDMENT.—Section~~  
 12           ~~438(b)(2)(C)(ii) is amended by striking “In the~~  
 13           ~~ease” and inserting “Subject to subparagraph (F),~~  
 14           ~~in the case”.~~

15           ~~(c) EFFECTIVE DATE.—The amendments made by~~  
 16           ~~this section shall apply with respect to any loan made, in-~~  
 17           ~~sured, or guaranteed under part B of title IV of the High-~~  
 18           ~~er Education Act of 1965 for which the first disbursement~~  
 19           ~~is made on or after July 1, 1998.~~

20           ~~**SEC. 425. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**~~  
 21           ~~**TEREST COSTS.**~~

22           ~~(a) FEDERAL INTEREST SUBSIDIES.—Section 428(a)~~  
 23           ~~(20 U.S.C. 1078(a)) is amended—~~

24           ~~(1) in paragraph (2)—~~

25           ~~(A) in subparagraph (A)—~~

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”;

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).”;

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(e)), 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           “~~(H)~~ \$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           (e) GUARANTY AGREEMENTS FOR REIMBURSING  
22           LOSSES.—Section 428(e) (20 U.S.C. 1078(e)) 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           serting “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           serting “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           serting “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          serting “78 percent”;

11          (ii) by striking “, as appropriate,”;

12          and

13          (iii) by striking “30 working” and in-  
14          serting “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 (4) 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 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           ~~essed; 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           “(H) 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 (c)(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           ~~“(e) 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 promis-  
25 sory 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 (c)—

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(c)~~”.

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(e) (20 U.S.C. 1087e(e)) 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(e).

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. 108711) 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. 108700) 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 (H) 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 (e)(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 (e) of section 479A (20 U.S.C. 1087tt)  
12       is amended to read as follows:

13       “(e) **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)”;

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(c)  
18 (20 U.S.C. 1092(c)) 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                   “(H) 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           (c) 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 ties 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 “(e) 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 “(e) 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 programs 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 (c)—

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 (4).

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 (1)  
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. 1099e(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(e) (20 U.S.C. 1099e(e)) 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        regarding 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. 1099e(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. 1099e(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           ~~1099e) 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. 1099e(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. 1099e(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. 1099e(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. 1099e-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 (c).

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 ~~“(e) 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., 1134i 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(e) (as redesignated by  
25           subsection (a)(5)) (20 U.S.C. 1134p(e))—



1 (i) by striking “946(a)” and inserting  
2 “526(a)”, and

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)”; and

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                  (e) 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 serting “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          (e) 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 (c) 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(e) (as redesignated by  
15 section 501(a)(7)) (20 U.S.C. 1135a-11(e)) 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 “(e) 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       “(e) 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 “(1) receive more than 50 percent of their  
2 funding from public or private United States  
3 sources;

4 “(2) have a permanent presence in the country  
5 in which the center is located; and

6 “(3) are organizations described in section  
7 501(c)(3) of the Internal Revenue Code of 1986  
8 which are exempt from taxation under section  
9 501(a) of such Code.

10 “(d) DEVELOPMENT GRANTS.—The Secretary is au-  
11 thorized to make grants for the establishment of new cen-  
12 ters. The grants may be used to fund activities that, with-  
13 in 1 year, will result in the creation of a center described  
14 in subsection (e).

#### 15 **“SEC. 609. AUTHORIZATION OF APPROPRIATIONS.**

16 “There are authorized to be appropriated to carry out  
17 this part \$80,000,000 for fiscal year 1999, and such sums  
18 as may be necessary for each of the 4 succeeding fiscal  
19 years.”

#### 20 **SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PRO-** 21 **GRAMS.**

22 Part B of title VI (20 U.S.C. 1130 et seq.) is amend-  
23 ed—

24 (1) in section 612 (20 U.S.C. 1130-1)—

25 (A) in subsection (e)—

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 (H) 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 ceeded 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       (c) ~~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           (3) in section 1710(a)(1) (22 U.S.C.  
2           4609(a)(1)), by striking “1993” and inserting  
3           “1999”; and

4           (4) in the second and third sentences of section  
5           1712 (22 U.S.C. 4611), by striking “shall” each  
6           place it appears and inserting “may”.

7           **PART D—COMMUNITY SCHOLARSHIP**  
8                           **MOBILIZATION**

9           **SEC. 741. SHORT TITLE.**

10           This part may be cited as the “Community Scholar-  
11           ship Mobilization Act.”

12           **SEC. 742. FINDINGS.**

13           Congress finds that—

14           (1) the local community, when properly orga-  
15           nized and challenged, is one of the best sources of  
16           academic support, motivation toward achievement,  
17           and financial resources for aspiring postsecondary  
18           students;

19           (2) local communities, working to complement  
20           or augment services currently offered by area  
21           schools and colleges, can raise the educational expec-  
22           tations and increase the rate of postsecondary at-  
23           tendance of their youth by forming locally-based or-  
24           ganizations that provide both academic support (in-  
25           cluding guidance, counseling, mentoring, tutoring,

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”<sup>2</sup> 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(e)(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           **PART F—EDUCATION OF THE DEAF**

2   **SEC. 761. SHORT TITLE.**

3           This part may be cited as the “Education of the Deaf  
4 Amendments of 1998”.

5   **SEC. 762. ELEMENTARY AND SECONDARY EDUCATION PRO-**  
6                           **GRAMS.**

7           Section 104(b) of the Education of the Deaf Act of  
8 1986 (20 U.S.C. 4034(b)) is amended—

9           (1) in paragraph (1)—

10                   (A) in subparagraph (A), by inserting  
11 “and” after the semicolon;

12                   (B) in subparagraph (B), by striking “;  
13 and” and inserting a period; and

14                   (C) by striking subparagraph (C);

15           (2) in the matter preceding subparagraph (A)  
16 of paragraph (2)—

17                   (A) by striking “paragraph (1)” and in-  
18 serting “paragraph (1)(B)”; and

19                   (B) by striking “section 618(b)” and in-  
20 serting “section 618(a)(1)(A)”;

21                   (3) in paragraph (3), by striking “intermediate  
22 educational unit” and inserting “educational service  
23 agency”;

24                   (4) in paragraph (4)—

1           (A) in subparagraph (A), by striking “in-  
2           intermediate educational unit” and inserting  
3           “educational service agency”; and

4           (B) in subparagraph (B), by striking “in-  
5           intermediate 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(e), 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(e) of the Education of the Deaf Act of  
18          1986 (20 U.S.C. 4355(e)) 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 (e)(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 “(e) 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. 1135e  
 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.

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

16           (a) *SHORT TITLE.*—This Act may be cited as the  
17 “Higher Education Amendments of 1998”.

18           (b) *TABLE OF CONTENTS.*—The table of contents is as  
19 follows:

*Sec. 1. Short title; table of contents.*

*Sec. 2. References.*

*TITLE I—GENERAL PROVISIONS*

*Sec. 101. General provisions.*

*Sec. 102. Federal control of education prohibited.*

*Sec. 103. National Advisory Committee on Institutional Quality and Integrity.*

*Sec. 104. Prior rights and obligations; recovery of payments.*

*Sec. 105. Technical and conforming amendments.*

*TITLE II—IMPROVING TEACHER QUALITY*

*Sec. 201. Improving teacher quality.*

## TITLE III—INSTITUTIONAL AID

- Sec. 301. Transfers and redesignations.*
- Sec. 302. Findings.*
- Sec. 303. Strengthening institutions.*
- Sec. 304. Strengthening HBCU's.*
- Sec. 305. Endowment challenge grants.*
- Sec. 306. HBCU capital financing.*
- Sec. 307. Minority science and engineering improvement program.*
- Sec. 308. General provisions.*

## TITLE IV—STUDENT ASSISTANCE

## PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

- Sec. 411. Repeals and redesignations.*
- Sec. 412. Federal Pell grants.*
- Sec. 413. TRIO programs.*
- Sec. 414. National early intervention scholarship and partnership program.*
- Sec. 415. Federal supplemental educational opportunity grants.*
- Sec. 416. Leveraging educational assistance partnership program.*
- Sec. 417. HEP and CAMP.*
- Sec. 418. Robert C. Byrd honors scholarship program.*
- Sec. 419. Child care access means parents in school.*

## PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

- Sec. 421. Advances for reserve funds.*
- Sec. 422. Federal Student Loan Reserve Fund.*
- Sec. 423. Agency Operating Fund.*
- Sec. 424. Applicable interest rates.*
- Sec. 425. Federal payments to reduce student interest costs.*
- Sec. 426. Voluntary flexible agreements with guaranty agencies.*
- Sec. 427. Federal PLUS loans.*
- Sec. 428. Federal consolidation loans.*
- Sec. 429. Requirements for disbursements of student loans.*
- Sec. 430. Default reduction program.*
- Sec. 431. Unsubsidized loans.*
- Sec. 432. Loan forgiveness for teachers.*
- Sec. 433. Loan forgiveness for child care providers.*
- Sec. 434. Common forms and formats.*
- Sec. 435. Student loan information by eligible lenders.*
- Sec. 436. Definitions.*
- Sec. 437. Delegation of functions.*
- Sec. 438. Special allowances.*
- Sec. 439. Study of market-based mechanisms for determining student loan interest rates.*

## PART C—FEDERAL WORK-STUDY PROGRAMS

- Sec. 441. Authorization of appropriations; community services.*
- Sec. 442. Grants for Federal work-study programs.*
- Sec. 443. Work colleges.*

## PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

- Sec. 451. Selection of institutions.*
- Sec. 452. Terms and conditions.*
- Sec. 453. Contracts.*
- Sec. 454. Funds for administrative expenses.*
- Sec. 455. Loan cancellation for teachers.*

## PART E—FEDERAL PERKINS LOANS

- Sec. 461. Authorization of appropriations.*
- Sec. 462. Allocation of funds.*
- Sec. 463. Agreements with institutions of higher education.*
- Sec. 464. Terms of loans.*
- Sec. 465. Distribution of assets from student loan funds.*
- Sec. 466. Perkins Loan Revolving Fund.*

## PART F—NEED ANALYSIS

- Sec. 471. Cost of attendance.*
- Sec. 472. Family contribution for dependent students.*
- Sec. 473. Family contribution for independent students without dependents other than a spouse.*
- Sec. 474. Regulations; updated tables and amounts.*
- Sec. 475. Refusal or adjustment of loan certifications.*

## PART G—GENERAL PROVISIONS

- Sec. 481. Master calendar.*
- Sec. 482. Forms and regulations.*
- Sec. 483. Student eligibility.*
- Sec. 484. Institutional refunds.*
- Sec. 485. Institutional and financial assistance information for students.*
- Sec. 486. National student loan data bank system.*
- Sec. 487. Training in financial aid services.*
- Sec. 488. Program participation agreements.*
- Sec. 489. Regulatory relief and improvement.*
- Sec. 489A. Distance education demonstration programs.*
- Sec. 489B. Advisory Committee on Student Financial Assistance.*
- Sec. 489C. Regional meetings and negotiated rulemaking.*

## PART H—PROGRAM INTEGRITY TRIAD

- Sec. 491. State role and responsibilities.*
- Sec. 492. Accrediting agency recognition.*
- Sec. 493. Eligibility and certification procedures.*
- Sec. 494. Program review and data.*

## PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

- Sec. 495. Performance-based organization for the delivery of Federal student financial assistance.*

## TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

- Sec. 501. Repeals, transfers, and redesignations.*



*Sec. 502. Purpose.*

*PART A—JACOB K. JAVITS FELLOWSHIP PROGRAM*

*Sec. 511. Award of fellowships.*

*PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED*

*Sec. 521. Graduate assistance in areas of national need.*

*PART C—URBAN COMMUNITY SERVICE*

*Sec. 531. Urban community service.*

*PART D—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION*

*Sec. 541. Fund for the improvement of postsecondary education.*

*PART E—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES;  
HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS*

*Sec. 551. Higher education access for students with disabilities; Hispanic-serving institutions; general provisions.*

*TITLE VI—INTERNATIONAL EDUCATION PROGRAMS*

*Sec. 601. International and foreign language studies.*

*Sec. 602. Business and international education programs.*

*Sec. 603. Institute for International Public Policy.*

*Sec. 604. General provisions.*

*TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER  
ACTS*

*PART A—INDIAN EDUCATION PROGRAMS*

*Sec. 711. Tribally Controlled Community College Assistance Act of 1978.*

*Sec. 712. American Indian, Alaska Native, and Native Hawaiian culture and art development.*

*PART B—ADVANCED PLACEMENT INCENTIVE PROGRAM*

*Sec. 721. Advanced placement incentive program.*

*PART C—UNITED STATES INSTITUTE OF PEACE*

*Sec. 731. Authorities of the United States Institute of Peace.*

*PART D—COMMUNITY SCHOLARSHIP MOBILIZATION*

*Sec. 741. Short title.*

*Sec. 742. Findings.*

*Sec. 743. Definitions.*

*Sec. 744. Purpose, endowment grant authority.*

*Sec. 745. Grant agreement and requirements.*

*Sec. 746. Authorization of appropriations.*

*PART E—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION  
TRAINING FOR INCARCERATED YOUTH OFFENDERS*

*Sec. 751. Grants to States for workplace and community transition training for incarcerated youth offenders.*

*PART F—EDUCATION OF THE DEAF*

*Sec. 761. Short title.*

*Sec. 762. Elementary and secondary education programs.*

*Sec. 763. Agreement with Gallaudet University.*

*Sec. 764. Agreement for the National Technical Institute for the Deaf.*

*Sec. 765. Definitions.*

*Sec. 766. Gifts.*

*Sec. 767. Reports.*

*Sec. 768. Monitoring, evaluation, and reporting.*

*Sec. 769. Investments.*

*Sec. 770. International students.*

*Sec. 771. Research priorities.*

*Sec. 772. Authorization of appropriations.*

*Sec. 773. Commission on Education of the Deaf.*

*PART G—REPEALS*

*Sec. 781. Repeals.*

*PART H—MISCELLANEOUS*

*Sec. 791. Year 2000 computer problem.*

**1 SEC. 2. REFERENCES.**

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

**8 TITLE I—GENERAL PROVISIONS**

**9 SEC. 101. GENERAL PROVISIONS.**

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

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

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

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

5           (4) by inserting before title III (20 U.S.C. 1051  
6           *et seq.*) the following:

7                           **“TITLE I—GENERAL**  
8                           **PROVISIONS”;**

9           (5) by transferring sections 1201, 1202, 1204 (as  
10           renumbered by Public Law 90–575), 1204 (as added  
11           by Public Law 96–374), 1205, 1207, 1208, 1209,  
12           1210, and 1213 (20 U.S.C. 1141, 1142, 1144, 1144a,  
13           1145, 1145b, 1145c, 1145d, 1145d–1, and 1145g) to  
14           follow the heading for title I (as inserted by para-  
15           graph (4)); and

16           (6) by redesignating sections 1201, 1202, 1204  
17           (as renumbered by Public Law 90–575), 1204 (as  
18           added by Public Law 96–374), 1205, 1207, 1208,  
19           1209, 1210, and 1213 as sections 101, 102, 103, 104,  
20           105, 106, 107, 108, 109, and 110, respectively.

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

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

1 **SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITU-**  
2 **TIONAL QUALITY AND INTEGRITY.**

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

5 *(1) by striking the last sentence of subsection (a);*

6 *(2) by redesignating subsections (c) through (f)*  
7 *as subsections (d) through (g), respectively;*

8 *(3) by inserting after subsection (b) the follow-*  
9 *ing:*

10 *“(c) PUBLIC NOTICE.—The Secretary shall—*

11 *“(1) annually publish in the Federal Register a*  
12 *list containing the name of each member of the Com-*  
13 *mittee and the date of the expiration of the term of*  
14 *office of the member; and*

15 *“(2) publicly solicit nominations for each vacant*  
16 *position or expiring term of office on the Commit-*  
17 *tee.”;*

18 *(4) in subsection (d) (as redesignated by para-*  
19 *graph (2))—*

20 *(A) by striking paragraph (6); and*

21 *(B) by redesignating paragraphs (7) and*  
22 *(8) as paragraphs (6) and (7), respectively; and*

23 *(5) in subsection (g) (as redesignated by para-*  
24 *graph (2)), by striking “1998” and inserting “2004”.*

1 **SEC. 104. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF**  
 2 **PAYMENTS.**

3 *Title I (20 U.S.C. 1001 et seq.) is amended by adding*  
 4 *after section 110 (as redesignated by section 101(a)(6)) the*  
 5 *following:*

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

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

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

9 *There are authorized to be appropriated such sums as*  
 10 *may be necessary for fiscal year 1999 and for each of*  
 11 *the 4 succeeding fiscal years to pay obligations in-*  
 12 *curring prior to 1987 under parts C and D of title*  
 13 *VII, as such parts were in effect before the effective*  
 14 *date of the Higher Education Amendments of 1992.*

15 **“(2) POST-1992 AND PRE-1998 PART C OF TITLE**  
 16 **VII.—***There are authorized to be appropriated such*  
 17 *sums as may be necessary for fiscal year 1999 and*  
 18 *for each of the 4 succeeding fiscal years to pay obliga-*  
 19 *tions incurred prior to the date of enactment of the*  
 20 *Higher Education Amendments of 1998 under part C*  
 21 *of title VII, as such part was in effect during the pe-*  
 22 *riod—*

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

25 **“(B) prior to the date of enactment of the**  
 26 **Higher Education Amendments of 1998.**

1       “(b) *LEGAL RESPONSIBILITIES.*—

2               “(1) *PRE-1987 TITLE VII.*—*All entities with con-*  
 3 *tinuing obligations incurred under parts A, B, C, and*  
 4 *D of title VII, as such parts were in effect before the*  
 5 *effective date of the Higher Education Amendments of*  
 6 *1992, shall be subject to the requirements of such part*  
 7 *as in effect before the effective date of the Higher Edu-*  
 8 *cation Amendments of 1992.*

9               “(2) *POST-1992 AND PRE-1998 PART C OF TITLE*  
 10 *VII.*—*All entities with continuing obligations incurred*  
 11 *under part C of title VII, as such part was in effect*  
 12 *during the period—*

13                       “(A) *after the effective date of the Higher*  
 14 *Education Amendments of 1992; and*

15                       “(B) *prior to the date of enactment of the*  
 16 *Higher Education Amendments of 1998,*  
 17 *shall be subject to the requirements of such part as*  
 18 *such part was in effect during such period.*

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

20               “(a) *PUBLIC BENEFIT.*—*Congress declares that, if a*  
 21 *facility constructed with the aid of a grant under part A*  
 22 *of title VII as such part A was in effect prior to the date*  
 23 *of enactment of the Higher Education Amendments of 1998,*  
 24 *or part B of such title as such part B was in effect prior*  
 25 *to the date of enactment of the Higher Education Amend-*

1 *ments of 1992, is used as an academic facility for 20 years*  
 2 *following completion of such construction, the public benefit*  
 3 *accruing to the United States will equal in value the*  
 4 *amount of the grant. The period of 20 years after comple-*  
 5 *tion of such construction shall therefore be deemed to be the*  
 6 *period of Federal interest in such facility for the purposes*  
 7 *of such title as so in effect.*

8       “(b) *RECOVERY UPON CESSATION OF PUBLIC BENE-*  
 9 *FIT.—If, within 20 years after completion of construction*  
 10 *of an academic facility which has been constructed, in part*  
 11 *with a grant under part A of title VII as such part A was*  
 12 *in effect prior to the date of enactment of the Higher Edu-*  
 13 *cation Amendments of 1998, or part B of title VII as such*  
 14 *part B was in effect prior to the date of enactment of the*  
 15 *Higher Education Amendments of 1992—*

16               “(1) *the applicant under such parts as so in ef-*  
 17 *fect (or the applicant’s successor in title or possession)*  
 18 *ceases or fails to be a public or nonprofit institution,*  
 19 *or*

20               “(2) *the facility ceases to be used as an academic*  
 21 *facility, or the facility is used as a facility excluded*  
 22 *from the term ‘academic facility’ (as such term was*  
 23 *defined under title VII, as so in effect), unless the Sec-*  
 24 *retary determines that there is good cause for releas-*  
 25 *ing the institution from its obligation,*

1 *the United States shall be entitled to recover from such ap-*  
 2 *plicant (or successor) an amount which bears to the value*  
 3 *of the facility at that time (or so much thereof as constituted*  
 4 *an approved project or projects) the same ratio as the*  
 5 *amount of Federal grant bore to the cost of the facility fi-*  
 6 *nanced with the aid of such grant. The value shall be deter-*  
 7 *mined by agreement of the parties or by action brought in*  
 8 *the United States district court for the district in which*  
 9 *such facility is situated.*

10       “(c) *PROHIBITION ON USE FOR RELIGION.—Notwith-*  
 11 *standing the provisions of subsections (a) and (b), no*  
 12 *project assisted with funds under title VII (as in effect prior*  
 13 *to the date of enactment of the Higher Education Amend-*  
 14 *ments of 1998) shall ever be used for religious worship or*  
 15 *a sectarian activity or for a school or department of divin-*  
 16 *ity.”.*

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

18       (a) *CONFORMING AMENDMENTS CORRECTING REF-*  
 19 *ERENCES TO SECTION 1201.—*

20               (1) *AGRICULTURE.—*

21                       (A) *STUDENT INTERNSHIP PROGRAMS.—*

22                               *Section 922 of the Federal Agriculture Improve-*  
 23                               *ment and Reform Act of 1996 (7 U.S.C. 2279c)*  
 24                               *is amended—*

25                                       (i) *in subsection (a)(1)(B)—*



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

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

5 (ii) in subsection (b)(1)—

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

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

10 (B) AGRICULTURAL SCIENCES EDU-  
11 CATION.—Section 1417(h)(1)(A) of the National  
12 Agricultural Research, Extension, and Teaching  
13 Policy Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is  
14 amended—

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

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

18 (2) ARMED FORCES.—

19 (A) SCIENCE AND MATHEMATICS EDU-  
20 CATION IMPROVEMENT PROGRAM.—Section  
21 2193(c)(1) of title 10, United States Code, is  
22 amended—

23 (i) by striking “1201(a)” and inserting  
24 “101(a)””; and

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

1           (B) *SUPPORT OF SCIENCE, MATHEMATICS,*  
2           *AND ENGINEERING EDUCATION.*—Section 2199(2)  
3           *of title 10, United States Code, is amended—*

4                   (i) *by striking “1201(a)” and inserting*  
5                   *“101(a)”*; and

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

7           (C) *ALLOWABLE COSTS UNDER DEFENSE*  
8           *CONTRACTS.*—Section 841(c)(2) *of the National*  
9           *Defense Authorization Act for fiscal year 1994*  
10           *(10 U.S.C. 2324 note) is amended—*

11                   (i) *by striking “1201(a)” and inserting*  
12                   *“101(a)”*; and

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

14           (D) *ENVIRONMENTAL RESTORATION INSTI-*  
15           *TUTIONAL GRANTS FOR TRAINING DISLOCATED*  
16           *DEFENSE WORKERS AND YOUNG ADULTS.*—Sec-  
17           *tion 1333(i)(3) of the National Defense Author-*  
18           *ization Act for fiscal year 1994 (10 U.S.C. 2701*  
19           *note) is amended—*

20                   (i) *by striking “1201(a)” and inserting*  
21                   *“101(a)”*; and

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

23           (E) *ENVIRONMENTAL EDUCATION OPPORTU-*  
24           *NITIES PROGRAM.*—Section 1334(k)(3) *of the Na-*

1           *tional Defense Authorization Act for fiscal year*  
2           *1994 (10 U.S.C. 2701 note) is amended—*

3                     *(i) by striking “1201(a)” and inserting*  
4                     *“101(a)”;* and

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

6           *(F) ENVIRONMENTAL SCHOLARSHIP AND*  
7           *FELLOWSHIP PROGRAMS.—Section 4451(b)(1) of*  
8           *the National Defense Authorization Act for 1993*  
9           *(10 U.S.C. 2701 note) is amended—*

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

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

13           *(3) APPLICATION OF ANTITRUST LAWS TO AWARD*  
14           *OF NEED-BASED EDUCATIONAL AID.—Section*  
15           *568(c)(3) of the Improving America’s Schools Act of*  
16           *1994 (15 U.S.C. 1 note) is amended—*

17                    *(A) by striking “1201(a)” and inserting*  
18                    *“101(a)”;* and

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

20           *(4) RESTRICTIONS ON FORMER OFFICERS, EM-*  
21           *PLOYEES, AND ELECTED OFFICIALS OF THE EXECU-*  
22           *TIVE AND LEGISLATIVE BRANCHES.—Section*  
23           *207(j)(2)(B) of title 18, United States Code, is*  
24           *amended by striking “1201(a)” and inserting*  
25           *“101(a)”.*

1           (5) *EDUCATION.*—

2                   (A) *HIGHER EDUCATION AMENDMENTS OF*  
3           1992.—Section 1(c) of the *Higher Education*  
4           *Amendments of 1992 (20 U.S.C. 1001 note)* is  
5           amended by striking “1201” and inserting  
6           “101”.

7                   (B) *PART F DEFINITIONS.*—Section 481 of  
8           the *Higher Education Act of 1965 (20 U.S.C.*  
9           1088) is amended—

10                   (i) in subsection (a)—

11                           (I) in the matter preceding para-  
12                           graph (1)(A), by striking “1201(a)”  
13                           and inserting “101(a)”;

14                           (II) in paragraph (1)(C), by  
15                           striking “1201(a)” and inserting  
16                           “101(a)”;

17                           (III) in the first sentence of the  
18                           matter preceding clause (i) of para-  
19                           graph (2)(A), by striking “1201(a)”  
20                           and inserting “101(a)”;

21                           (IV) in the matter following para-  
22                           graph (2)(B)(ii), by striking “1201(a)”  
23                           and inserting “101(a)”;

24                   (ii) in subsection (b)—

25                           (I) in the first sentence—

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

4                   (bb) in paragraph (3), by  
5 striking “1201(a)” and inserting  
6 “101(a)”; and

7                   (II) in the second sentence, by  
8 striking “1201(a)” and inserting  
9 “101(a)”; and

10                  (iii) in subsection (c)—

11                   (I) in the first sentence, by strik-  
12 ing “1201(a)” and inserting “101(a)”;  
13 and

14                   (II) in the second sentence, by  
15 striking “1201(a)” and inserting  
16 “101(a)”.

17                  (C) TREATMENT OF BRANCHES.—Section  
18 498(j)(2) of the Higher Education Act of 1965  
19 (20 U.S.C. 1099c(j)(2)) is amended by striking  
20 “1201(a)(2)” and inserting “101(a)(2)”.

21                  (D) INTERNATIONAL EDUCATION PRO-  
22 GRAMS.—Section 631(a)(8) of the Higher Edu-  
23 cation Act of 1965 (20 U.S.C. 1132(a)(8)) is  
24 amended by striking “1201(a)” each place it ap-  
25 pears and inserting “101(a)”.

1           (E) *DWIGHT D. EISENHOWER LEADERSHIP*  
2           *PROGRAM.—Section 1081(d) of the Higher Edu-*  
3           *cation Act of 1965 (20 U.S.C. 1135f(d)) is*  
4           *amended by striking “1201” and inserting*  
5           *“101”.*

6           (F) *DISCLOSURE REQUIREMENTS.—Section*  
7           *429(d)(2)(B)(ii) of the General Education Provi-*  
8           *sions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is*  
9           *amended by striking “1201(a)” and inserting*  
10           *“101(a)”.*

11           (G) *HARRY S. TRUMAN SCHOLARSHIPS.—*  
12           *Section 3(4) of the Harry S. Truman Memorial*  
13           *Scholarship Act (20 U.S.C. 2002(4)) is amended*  
14           *by striking “1201(a)” and inserting “101(a)”.*

15           (H) *TECH-PREP EDUCATION.—Section*  
16           *347(2)(A) of the Carl D. Perkins Vocational and*  
17           *Applied Technology Education Act (20 U.S.C.*  
18           *2394e(2)(A)) is amended by striking “1201(a)”*  
19           *and inserting “101(a)”.*

20           (I) *EDUCATION FOR ECONOMIC SECURITY.—*  
21           *Section 3(6) of the Education for Economic Se-*  
22           *curity Act (20 U.S.C. 3902(6)) is amended by*  
23           *striking “1201(a)” and inserting “101(a)”.*

24           (J) *JAMES MADISON MEMORIAL FELLOW-*  
25           *SHIPS.—Section 815 of the James Madison Me-*

1           *morial Fellowship Act (20 U.S.C. 4514) is*  
2           *amended—*

3                     *(i) in paragraph (3), by striking*  
4                     *“1201(a)” and inserting “101(a)”;* and

5                     *(ii) in paragraph (4), by striking*  
6                     *“1201(d) of the Higher Education Act of*  
7                     *1965” and inserting “14101 of the Elemen-*  
8                     *tary and Secondary Education Act of*  
9                     *1965”.*

10            (K) *BARRY GOLDWATER SCHOLARSHIPS.—*  
11            *Section 1403(4) of the Barry Goldwater Scholar-*  
12            *ship and Excellence in Education Act (20 U.S.C.*  
13            *4702(4)) is amended—*

14                     *(i) by striking “1201(a)” and inserting*  
15                     *“101(a)”;* and

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

17            (L) *MORRIS K. UDALL SCHOLARSHIPS.—*  
18            *Section 4(6) of the Morris K. Udall Scholarship*  
19            *and Excellence in National Environmental and*  
20            *Native American Public Policy Act of 1992 (20*  
21            *U.S.C. 5602(6)) is amended by striking*  
22            *“1201(a)” and inserting “101(a)”.*

23            (M) *BILINGUAL EDUCATION, AND LANGUAGE*  
24            *ENHANCEMENT AND ACQUISITION.—Section*  
25            *7501(4) of the Elementary and Secondary Edu-*

1            *cation Act of 1965 (20 U.S.C. 7601(4)) is*  
2            *amended by striking “1201(a)” and inserting*  
3            *“101(a)”.*

4            (N)    *GENERAL DEFINITIONS.—Section*  
5            *14101(17) of the Elementary and Secondary*  
6            *Education Act of 1965 (20 U.S.C. 8801(17)) is*  
7            *amended by striking “1201(a)” and inserting*  
8            *“101(a)”.*

9            (O)    *NATIONAL EDUCATION STATISTICS.—*  
10           *Section 402(c)(3) of the National Education Sta-*  
11           *tistics Act of 1994 (20 U.S.C. 9001(c)(3)) is*  
12           *amended by striking “1201(a)” and inserting*  
13           *“101(a)”.*

14           (6) *FOREIGN RELATIONS.—*

15           (A)    *ENVIRONMENT AND SUSTAINABLE DE-*  
16           *VELOPMENT EXCHANGE PROGRAM.—Section*  
17           *240(d) of the Foreign Relations Authorization*  
18           *Act, Fiscal Years 1994 and 1995 (22 U.S.C.*  
19           *2452 note) is amended by striking “1201(a)”*  
20           *and inserting “101(a)”.*

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



1                   (i) by striking “1201(a)” and inserting  
2                   “101(a)”; and

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

4                   (C) *SOVIET-EASTERN EUROPEAN TRAIN-*  
5                   *ING.*—Section 803(1) of the *Soviet-Eastern Euro-*  
6                   *pean Research and Training Act of 1983* (22  
7                   *U.S.C. 4502(1)*) is amended by striking  
8                   “1201(a)” and inserting “101(a)”.

9                   (D) *DEVELOPING COUNTRY SCHOLAR-*  
10                   *SHIPS.*—Section 603(d) of the *Foreign Relations*  
11                   *Authorization Act, Fiscal Years 1986 and 1987*  
12                   (22 U.S.C. 4703(d)) is amended by striking  
13                   “1201(a)” and inserting “101(a)”.

14                   (7) *INDIANS.*—

15                   (A) *SNYDER ACT.*—The last paragraph of  
16                   section 410 of the Act entitled “An Act authoriz-  
17                   ing appropriations and expenditures for the ad-  
18                   ministration of Indian Affairs, and for other  
19                   purposes”, approved November 2, 1921 (25  
20                   U.S.C. 13) (commonly known as the Snyder Act)  
21                   is amended by striking “1201” and inserting  
22                   “101”.

23                   (B) *TRIBALLY CONTROLLED COMMUNITY*  
24                   *COLLEGE ASSISTANCE.*—Section 2(a)(5) of the  
25                   *Tribally Controlled Community College Assist-*

1            *ance Act (25 U.S.C. 1801(a)(5)) is amended by*  
 2            *striking “1201(a)” and inserting “101(a)”.*

3            (C) *CONSTRUCTION OF NEW FACILITIES.—*

4            *Section 113(b)(2) of the Tribally Controlled*  
 5            *Community College Assistance Act (25 U.S.C.*  
 6            *1813(b)(2)) is amended—*

7                    *(i) by striking “1201(a)” and inserting*

8                    *“101(a)”;* *and*

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

10            (D) *AMERICAN INDIAN TEACHER TRAIN-*

11            *ING.—Section 1371(a)(1)(B) of the Higher Edu-*  
 12            *cation Amendments of 1992 (25 U.S.C.*  
 13            *3371(a)(1)(B)) is amended by striking “1201(a)”*  
 14            *and inserting “101(a)”.*

15            (8) *LABOR.—*

16            (A) *REHABILITATION DEFINITIONS.—Sec-*

17            *tion 7(32) of the Rehabilitation Act of 1973 (29*  
 18            *U.S.C. 706(32)) is amended—*

19                    *(i) by striking “1201(a)” and inserting*

20                    *“101(a)”;* *and*

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

22            (B)            *STATE            PLANS.—Section*

23            *101(a)(7)(A)(iv)(II) of the Rehabilitation Act of*  
 24            *1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) is amend-*  
 25            *ed—*

1                   (i) by striking “1201(a)” and inserting  
2                   “101(a)”; and

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

4                   (C) *JTPA DEFINITIONS.*—Section 4(12) of  
5                   the Job Training Partnership Act (29 U.S.C.  
6                   1503(12)) is amended by striking “1201(a)” and  
7                   inserting “101(a)”.

8                   (D)       *TUITION        CHARGES.*—Section  
9                   141(d)(3)(B) of the Job Training Partnership  
10                  Act (29 U.S.C. 1551(d)(3)(B)) is amended—

11                  (i) by striking “1201(a)” and inserting  
12                  “101(a)”; and

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

14                  (9)   *SURFACE    MINING    CONTROL.*—Section  
15                  701(32) of the Surface Mining Control and Reclama-  
16                  tion Act of 1977 (30 U.S.C. 1291(32)) is amended by  
17                  striking “1201(a)” and inserting “101(a)”.

18                  (10)   *POLLUTION    PREVENTION.*—Section  
19                  112(a)(1) of the Federal Water Pollution Control Act  
20                  (33 U.S.C. 1262(a)(1)) is amended by striking  
21                  “1201” and inserting “101”.

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

24                  (A) by striking “1201(a)” and inserting  
25                  “101(a)”; and

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

2           (12) *PUBLIC HEALTH AND WELFARE.*—

3                   (A) *SCIENTIFIC AND TECHNICAL EDU-*  
4                   *CATION.*—Section 3(g) of the *Scientific and Ad-*  
5                   *vanced-Technology Act of 1992* (42 U.S.C.  
6                   1862i(g)) is amended—

7                           (i) in paragraph (2)—

8                                   (I) by striking “1201(a)” and in-  
9                                   serting “101(a)”; and

10                                   (II) by striking “(20 U.S.C.  
11                                   1141(a))”; and

12                                   (ii) in paragraph (3)—

13   (I) by striking “1201(a)” and in-  
14   serting “101(a)”; and

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

17                   (B) *OLDER AMERICANS.*—Section 102(32)  
18                   of the *Older Americans Act of 1965* (42 U.S.C.  
19                   3002(32)) is amended—

20                                   (i) by striking “1201(a)” and inserting  
21                                   “101(a)”; and

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

23                   (C) *JUSTICE SYSTEM IMPROVEMENT.*—Sec-  
24                   tion 901(17) of the *Omnibus Crime Control and*

1           *Safe Streets Act of 1968 (42 U.S.C. 3791(17)) is*  
2           *amended—*

3                     *(i) by striking “1201(a)” and inserting*  
4                     *“101(a)”;* and  
5                     *(ii) by striking “(20 U.S.C. 1141(a))”.*

6           (D) *ENERGY TECHNOLOGY COMMERCIALIZA-*  
7           *TION SERVICES PROGRAM.—Section 362(f)(5)(A)*  
8           *of the Energy Policy and Conservation Act (42*  
9           *U.S.C. 6322(f)(5)(A)) is amended—*

10                    *(i) by striking “1201(a)” and inserting*  
11                    *“101(a)”;* and  
12                    *(ii) by striking “(20 U.S.C. 1141(a))”.*

13           (E) *ENVIRONMENTAL RESTORATION AND*  
14           *WASTE MANAGEMENT.—Section 3132(b)(1) of the*  
15           *National Defense Authorization Act for Fiscal*  
16           *Years 1992 and 1993 (42 U.S.C. 7274e(b)(1)) is*  
17           *amended—*

18                    *(i) by striking “1201(a)” and inserting*  
19                    *“101(a)”;* and  
20                    *(ii) by striking “(20 U.S.C. 1141(a))”.*

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

24                    *(i) by striking “1201(a)” and inserting*  
25                    *“101(a)”;* and

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

2                   (G) *STATE DEPENDENT CARE DEVELOP-*  
3 *MENT GRANTS.*—Section 670G(5) of the *Child*  
4 *Care and Development Block Grant Act of 1990*  
5 *(42 U.S.C. 9877(5)) is amended by striking*  
6 *“1201(a)” and inserting “101(a)”.*

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

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

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

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

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

23                   (i) by striking “1201(a)” and inserting  
24                   “101(a)”; and

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

1           (K) *CIVILIAN COMMUNITY CORPS.—Section*  
2           *166(6) of the National and Community Service*  
3           *Act of 1990 (42 U.S.C. 12626(6)) is amended—*

4                   (i) *by striking “1201(a)” and inserting*  
5                   *“101(a)”*; and

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

7           (L) *COMMUNITY SCHOOLS YOUTH SERVICES*  
8           *AND SUPERVISION GRANT PROGRAM.—The defini-*  
9           *tion of public school in section 30401(b) of the*  
10           *Community Schools Youth Services and Super-*  
11           *vision Grant Program Act of 1994 (42 U.S.C.*  
12           *13791(b)) is amended—*

13                   (i) *by striking “1201” each place it*  
14                   *appears and inserting “101”*; and

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

16           (M) *POLICE CORPS.—The definition of in-*  
17           *stitution of higher education in section 200103 of*  
18           *the Police Corps Act (42 U.S.C. 14092) is*  
19           *amended—*

20                   (i) *by striking “1201(a)” and inserting*  
21                   *“101(a)”*; and

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

23           (N) *LAW ENFORCEMENT SCHOLARSHIP PRO-*  
24           *GRAM.—The definition of institution of higher*  
25           *education in section 200202 of the Law Enforce-*

1           *ment Scholarship and Recruitment Act (42*  
2           *U.S.C. 14111) is amended—*

3                     *(i) by striking “1201(a)” and inserting*  
4                     *“101(a)”;* and  
5                     *(ii) by striking “(20 U.S.C. 1141(a))”.*

6           (13)     *TELECOMMUNICATIONS.—Section*  
7           *223(h)(4) of the Telecommunications Act of 1934 (47*  
8           *U.S.C. 223(h)(4)) is amended—*

9                     *(A) by striking “1201” and inserting*  
10                    *“101”;* and

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

12           (14)     *WAR AND NATIONAL DEFENSE.—Section*  
13           *808(3) of the David L. Boren National Security Edu-*  
14           *cation Act of 1991 (50 U.S.C. 1908(3)) is amended—*

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

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

18           (b)     *CROSS REFERENCES.—The Act (20 U.S.C. 1001*  
19           *et seq.) is amended—*

20                    (1)   *in section 402A(c)(2) (20 U.S.C. 1070a-*  
21                    *11(c)(2)), by striking “1210” and inserting “110”;*

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

23                    (A)   *in subsection (a)—*

24                    (i)   *in paragraph (1)—*



1                   (I) in the matter preceding sub-  
2                   paragraph (A), by striking “1201(a)”  
3                   and inserting “101(a)”; and

4                   (II) in subparagraph (C), by  
5                   striking “1201(a)” and inserting  
6                   “101(a)”; and

7                   (ii) in paragraph (2)—

8                   (I) in the matter preceding clause  
9                   (i) of subparagraph (A), by striking  
10                  “1201(a)” and inserting “101(a)”; and

11                  (II) in the matter following clause  
12                  (ii) of subparagraph (B), by striking  
13                  “1201(a)” and inserting “101(a)”;  
14

15                  (B) in subsection (b), by striking “1201(a)”  
16                  each place the term appears and inserting  
17                  “101(a)”; and

18                  (C) in subsection (c), by striking “1201(a)”  
19                  each place the term appears and inserting  
20                  “101(a)”;  
21

22                  (3) in section 485(f)(1)(I) (20 U.S.C.  
23                  1092(f)(1)(I)), by striking “1213” and inserting  
24                  “111”;

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

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

3           (6) in section 631(a)(8) (20 U.S.C.  
4           1132(a)(8))—

5           (A) by striking “section 1201(a)” each place  
6           the term appears and inserting “section 101(a)”;  
7           and

8           (B) by striking “of 1201(a)” and inserting  
9           “of section 101(a)”;

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

12       **TITLE II—IMPROVING TEACHER**  
13       **QUALITY**

14       **SEC. 201. IMPROVING TEACHER QUALITY.**

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

17       **“TITLE II—IMPROVING TEACHER**  
18       **QUALITY**

19       **“SEC. 201. PURPOSES.**

20       “The purpose of this title is to—

21           “(1) improve student achievement;

22           “(2) improve the quality of the current and fu-  
23       ture teaching force by improving the preparation of  
24       prospective teachers and enhancing professional devel-  
25       opment activities; and

1           “(3) *hold institutions of higher education ac-*  
 2           *countable for preparing teachers who have the nec-*  
 3           *essary teaching skills and are highly competent in the*  
 4           *academic content areas in which the teachers plan to*  
 5           *teach, including training in the effective uses of tech-*  
 6           *nologies in the classroom.*

7                           **“PART A—TEACHER QUALITY**

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

9           **“SEC. 211. GRANTS AUTHORIZED.**

10           “(a) *IN GENERAL.—The Secretary is authorized to*  
 11           *award grants to States to enable the States to carry out*  
 12           *the activities described in section 212. Each grant may be*  
 13           *awarded for a period of not more than 5 years.*

14           “(b) *STATE DESIGNATION.—*

15                           “(1) *IN GENERAL.—A State desiring a grant*  
 16           *under this subpart shall, consistent with State law,*  
 17           *designate the chief individual or entity in the State*  
 18           *responsible for the State supervision of education, to*  
 19           *administer the activities assisted under this subpart.*

20                           “(2) *CONSULTATION.—The individual or entity*  
 21           *designated under paragraph (1) shall consult with the*  
 22           *Governor, State board of education, or State edu-*  
 23           *cational agency, as appropriate.*

24                           “(3) *CONSTRUCTION.—Nothing in this subpart*  
 25           *shall be construed to negate or supersede the legal au-*

1        *thority under State law of any State agency, State*  
2        *entity, or State public official over programs that are*  
3        *under the jurisdiction of the agency, entity, or offi-*  
4        *cial.*

5        *“(c) MATCHING REQUIREMENT.—Each State receiving*  
6        *a grant under this subpart shall provide, from non-Federal*  
7        *sources, an amount equal to 1/2 of the amount of the grant,*  
8        *in cash or in kind, to carry out the activities supported*  
9        *through the grant.*

10        **“SEC. 212. USE OF FUNDS.**

11        *“A State that receives a grant under this subpart shall*  
12        *use the grant funds to reform teacher preparation require-*  
13        *ments, and to ensure that current and future teachers pos-*  
14        *sess the necessary teaching skills and academic content*  
15        *knowledge in the subject areas in which the teachers are*  
16        *assigned to teach, by carrying out 1 or more of the following*  
17        *activities:*

18                *“(1) REFORMS.—Implementing reforms that*  
19        *hold institutions of higher education with teacher*  
20        *preparation programs accountable for preparing*  
21        *teachers who are highly competent in the academic*  
22        *content areas in which the teachers plan to teach,*  
23        *which may include the use of rigorous subject matter*  
24        *competency tests and the requirement that a teacher*

1       *have an academic major in the subject area, or relat-*  
2       *ed discipline, in which the teacher plans to teach.*

3               “(2) *CERTIFICATION OR LICENSURE REQUIRE-*  
4       *MENTS.—Reforming teacher certification or licensure*  
5       *requirements to ensure that new teachers have the nec-*  
6       *essary teaching skills and academic content knowledge*  
7       *in the subject areas in which teachers are assigned to*  
8       *teach.*

9               “(3) *ALTERNATIVES TO TRADITIONAL PREPARA-*  
10       *TION FOR TEACHING.—Providing prospective teachers*  
11       *alternatives to traditional preparation for teaching*  
12       *through programs at colleges of arts and sciences or*  
13       *at nonprofit educational organizations.*

14               “(4) *ALTERNATIVE ROUTES.—Funding programs*  
15       *that establish, expand, or improve alternative routes*  
16       *to State certification for highly qualified individuals*  
17       *from other occupations and recent college graduates*  
18       *with records of academic distinction, including sup-*  
19       *port during the initial teaching experience.*

20               “(5) *RECRUITMENT; PAY; REMOVAL.—Developing*  
21       *and implementing effective mechanisms to ensure that*  
22       *schools are able to effectively recruit highly qualified*  
23       *teachers, to financially reward those teachers and*  
24       *principals whose students have made significant*  
25       *progress toward high academic performance, such as*

1       *through performance-based compensation systems and*  
2       *access to ongoing professional development opportuni-*  
3       *ties for teachers and administrators, and to remove*  
4       *teachers who are not qualified.*

5               “(6) *INNOVATIVE EFFORTS.*—*Development and*  
6       *implementation of innovative efforts aimed at reduc-*  
7       *ing the shortage of highly qualified teachers in high*  
8       *poverty urban and rural areas, that may include the*  
9       *recruitment of highly qualified individuals from other*  
10       *occupations through alternative certification pro-*  
11       *grams.*

12               “(7) *SOCIAL PROMOTION.*—*Development and im-*  
13       *plementation of efforts to address the problem of social*  
14       *promotion and to prepare teachers to effectively ad-*  
15       *dress the issues raised by ending the practice of social*  
16       *promotion.*

17       **“SEC. 213. COMPETITIVE AWARDS.**

18               “(a) *ANNUAL AWARDS; COMPETITIVE BASIS.*—*The*  
19       *Secretary shall award grants under this subpart annually*  
20       *and on a competitive basis.*

21               “(b) *PEER REVIEW PANEL.*—*The Secretary shall pro-*  
22       *vide the applications submitted by States under section 214*  
23       *to a peer review panel for evaluation. With respect to each*  
24       *application, the peer review panel shall initially rec-*  
25       *ommend the application for funding or for disapproval.*

1       “(c) *PRIORITY.*—*In recommending applications for*  
2 *funding to the Secretary, the panel shall give priority to*  
3 *applications from States that describe activities that—*

4               “(1) *include innovative reforms to hold institu-*  
5 *tions of higher education with teacher preparation*  
6 *programs accountable for preparing teachers who are*  
7 *highly competent in the academic content areas in*  
8 *which the teachers plan to teach; and*

9               “(2) *involve the development of innovative efforts*  
10 *aimed at reducing the shortage of highly qualified*  
11 *teachers in high poverty urban and rural areas.*

12 **“SEC. 214. APPLICATIONS.**

13       “(a) *IN GENERAL.*—*Each State desiring a grant under*  
14 *this subpart shall submit an application to the Secretary*  
15 *at such time, in such manner and accompanied by such*  
16 *information as the Secretary may require.*

17       “(b) *CONTENT OF APPLICATIONS.*—*Such application*  
18 *shall include a description of how the State intends to use*  
19 *funds provided under this subpart.*

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

21 **“SEC. 221. GRANTS AUTHORIZED.**

22       “(a) *IN GENERAL.*—*The Secretary is authorized to*  
23 *award grants to teacher training partnerships to enable the*  
24 *partnerships to carry out the activities described in section*

1 222. *Each grant may be awarded for a period of not more*  
2 *than 5 years.*

3 “(b) *DEFINITIONS.—In this part:*

4 “(1) *TEACHER TRAINING PARTNERSHIPS.—*

5 “(A) *IN GENERAL.—The term ‘teacher*  
6 *training partnership’ means a partnership*  
7 *that—*

8 “(i) *shall include a school of arts and*  
9 *sciences, a school or program of education,*  
10 *a local educational agency, and a kinder-*  
11 *garten through grade 12 school;*

12 “(ii) *shall include a high need local*  
13 *educational agency or kindergarten through*  
14 *grade 12 school; and*

15 “(iii) *may include a State educational*  
16 *agency, a pre-kindergarten program, a non-*  
17 *profit educational organization, a business,*  
18 *or a teacher organization.*

19 “(B) *HIGH NEED.—A local educational*  
20 *agency or kindergarten through grade 12 school*  
21 *shall be considered high need for purposes of sub-*  
22 *paragraph (A)(ii) if the agency or school serves*  
23 *an area within a State in which there is—*



1                   “(i) a large number of individuals  
2                   from families with incomes below the pov-  
3                   erty line;

4                   “(ii) a high percentage of teachers not  
5                   teaching in the content area in which the  
6                   teachers were trained to teach; or

7                   “(iii) a high teacher turnover rate.

8                   “(2) *KINDERGARTEN THROUGH GRADE 12*  
9                   *SCHOOL.*—The term ‘kindergarten through grade 12  
10                  school’ means a school having any one of the grades  
11                  kindergarten through grade 12.

12                  “(c) *PRIORITY.*—In awarding grants under this sub-  
13                  part the Secretary shall give priority to partnerships that  
14                  involve businesses.

15                  “(d) *CONSIDERATION.*—In awarding grants under this  
16                  subpart the Secretary shall take into consideration—

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

19                         “(2) the proposed project’s potential for creating  
20                         improvement and positive change.

21                  “(e) *MATCHING FUNDS.*—Each partnership receiving  
22                  a grant under this subpart shall provide, from sources other  
23                  than this subpart, an amount equal to 25 percent of the  
24                  grant in the first year, 35 percent in the second such year,  
25                  and 50 percent in each succeeding such year, of the amount

1 *of the grant, in cash or in kind, to carry out the activities*  
2 *supported by the grant.*

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

5 **“SEC. 222. USE OF FUNDS.**

6       “(a) *IN GENERAL.*—*Grant funds under this part shall*  
7 *be used to—*

8               “(1) *coordinate with the activities of the Gov-*  
9 *ernor, State board of education, and State edu-*  
10 *cational agency, as appropriate;*

11              “(2) *provide sustained and high quality*  
12 *preservice clinical experiences including the mentor-*  
13 *ing of prospective teachers by veteran teachers;*

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

17                      “(A) *restructuring curriculum;*

18                      “(B) *changing core course requirements;*

19                      “(C) *increasing liberal arts focus;*

20                      “(D) *providing preparation for board cer-*  
21 *tification; and*

22                      “(E) *assessing and improving alternative*  
23 *certification, including mentoring and induction*  
24 *support;*

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

3                   “(A) faculty at institutions of higher edu-  
4                   cation; and

5                   “(B) new and experienced teachers, prin-  
6                   cipals, and other administrators at elementary  
7                   schools or secondary schools;

8           “(5) prepare teachers to use technology effectively  
9           in the classroom;

10           “(6) integrate reliable research-based teaching  
11           methods into the curriculum;

12           “(7) broadly disseminate information on effective  
13           practices used by the partnership; and

14           “(8) provide support, including preparation  
15           time, for interaction between faculty at an institution  
16           of higher education and classroom teachers.

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

20           **“SEC. 223. APPLICATIONS.**

21           “Each teacher training partnership desiring a grant  
22           under this subpart shall submit an application to the Sec-  
23           retary at such time, in such manner, and accompanied by  
24           such information as the Secretary may require. Each such  
25           application shall—

1           “(1) describe the composition of the partnership  
2           and the involvement of each partner in the develop-  
3           ment of the application;

4           “(2) contain a needs assessment that includes an  
5           analysis of the needs of all the partners with respect  
6           to teaching and learning;

7           “(3) contain a resource assessment that in-  
8           cludes—

9                   “(A) an analysis of resources available to  
10                  the partnership;

11                   “(B) a description of the intended use of the  
12                  grant funds;

13                   “(C) a description of how the partnership  
14                  will coordinate with other teacher training or  
15                  professional development programs, including  
16                  Federal, State, local, private, and other pro-  
17                  grams;

18                   “(D) a description of how the activities as-  
19                  sisted under this subpart are consistent with  
20                  educational reform activities that promote stu-  
21                  dent achievement; and

22                   “(E) a description of the commitment of the  
23                  resources of the partnership to the activities as-  
24                  sisted under this subpart, including financial

1           *support, faculty participation, and time commit-*  
2           *ments;*

3           “(4) *describe how the partnership will include*  
4           *the participation of the schools, colleges, or depart-*  
5           *ments of arts and sciences within an institution of*  
6           *higher education to ensure the integration of teaching*  
7           *techniques and content in teaching preparation;*

8           “(5) *describe how the partnership will restruc-*  
9           *ture and improve teaching, teacher training, and de-*  
10          *velopment programs, and how such systemic changes*  
11          *will contribute to increased student achievement;*

12          “(6) *describe how the partnership will prepare*  
13          *teachers to work with diverse student populations, in-*  
14          *cluding individuals with disabilities and limited*  
15          *English proficient individuals;*

16          “(7) *describe how the partnership will prepare*  
17          *teachers to use technology;*

18          “(8) *contain a dissemination plan regarding*  
19          *knowledge and information with respect to effective*  
20          *teaching practices, and a description of how such*  
21          *knowledge and information will be implemented in el-*  
22          *ementary schools or secondary schools as well as insti-*  
23          *tutions of higher education;*

1           “(9) describe the commitment of the partnership  
2           to continue the activities assisted under this subpart  
3           without grant funds provided under this subpart; and

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

6                           **“Subpart 3—General Provisions**

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

8           “(a) *TEACHER QUALITY ENHANCEMENT GRANTS.*—

9                           “(1) *ACCOUNTABILITY REPORT.*—A State that re-  
10           ceives a grant under subpart 1 shall submit an an-  
11           nual accountability report to the Secretary, the Com-  
12           mittee on Labor and Human Resources of the Senate,  
13           and the Committee on Education and the Workforce  
14           of the House of Representatives. Such report shall in-  
15           clude a description of the degree to which the State,  
16           in using funds provided under subpart 1, has made  
17           substantial progress in meeting the following goals:

18                           “(A) *STUDENT ACHIEVEMENT.*—Increasing  
19           student achievement for all students, as measured  
20           by increased graduation rates, decreased dropout  
21           rates, or higher scores on local, State or other as-  
22           sessments.

23                           “(B) *RAISING STANDARDS.*—Raising the  
24           State academic standards required to enter the  
25           teaching profession, including, where appro-

1            *priate, incentives to incorporate the requirement*  
 2            *of an academic major in the subject, or related*  
 3            *discipline, in which the teacher plans to teach.*

4            “(C) *INITIAL CERTIFICATION OR LICEN-*  
 5            *SURE.—Increasing success in the passage rate*  
 6            *for initial State teacher certification or licen-*  
 7            *sure, or increasing numbers of highly qualified*  
 8            *individuals being certified or licensed as teachers*  
 9            *through alternative programs.*

10           “(D) *CORE ACADEMIC SUBJECTS.—(i) In-*  
 11           *creasing the percentage of secondary school class-*  
 12           *es taught in core academic subject areas by*  
 13           *teachers—*

14                      “(I) *with academic majors in those*  
 15                      *areas or in a related field;*

16                      “(II) *who can demonstrate a high level*  
 17                      *of competence through rigorous academic*  
 18                      *subject area tests; or*

19                      “(III) *who can demonstrate high levels*  
 20                      *of competence through experience in rel-*  
 21                      *evant content areas.*

22                      “(ii) *Increasing the percentage of elemen-*  
 23                      *tary school classes taught by teachers—*

24                      “(I) *with academic majors in the arts*  
 25                      *and sciences; or*

1                   “(II) who can demonstrate high levels  
2                   of competence through experience in rel-  
3                   evant content areas.

4                   “(E) *DECREASING SHORTAGES FOR PRO-*  
5                   *FESSIONAL DEVELOPMENT.—Decreasing short-*  
6                   *ages of qualified teachers in poor urban and*  
7                   *rural areas.*

8                   “(F) *INCREASING OPPORTUNITIES.—In-*  
9                   *creasing opportunities for enhanced and ongoing*  
10                  *professional development that improves the aca-*  
11                  *ademic content knowledge of teachers in the sub-*  
12                  *ject areas in which the teachers are certified to*  
13                  *teach or in which the teachers are working to-*  
14                  *ward certification to teach.*

15                  “(G) *TECHNOLOGY INTEGRATION.—Increas-*  
16                  *ing the number of teachers prepared to integrate*  
17                  *technology in the classroom.*

18                  “(2) *TEACHER QUALIFICATIONS PROVIDED TO*  
19                  *PARENT UPON REQUEST.—Any local educational*  
20                  *agency that benefits from the activities assisted under*  
21                  *subpart 1 shall make available, upon request and in*  
22                  *an understandable and uniform format, to any par-*  
23                  *ent of a student attending any school served by the*  
24                  *local educational agency, information regarding the*  
25                  *qualifications of the student’s classroom teacher with*



1        *regard to the subject matter in which the teacher pro-*  
2        *vides instruction. The local educational agency shall*  
3        *inform parents that the parents are entitled to receive*  
4        *the information upon request.*

5        *“(b) TEACHER TRAINING PARTNERSHIP EVALUATION*  
6        *PLAN.—Each teacher training partnership receiving a*  
7        *grant under subpart 2 shall establish an evaluation plan*  
8        *that includes strong performance objectives established in*  
9        *negotiation with the Secretary at the time of the grant*  
10       *award. The plan shall include objectives and measures for—*

11            *“(1) increased student achievement for all stu-*  
12            *dents as measured by increased graduation rates, de-*  
13            *creased dropout rates, or higher scores on local, State,*  
14            *or other assessments for a year compared to student*  
15            *achievement as determined by the rates or scores, as*  
16            *the case may be, for the year prior to the year for*  
17            *which a grant under this part is received;*

18            *“(2) increased teacher retention in the first 3*  
19            *years of a teacher’s career;*

20            *“(3) increased success in the passage rate for ini-*  
21            *tial State certification or licensure of teachers;*

22            *“(4) increased percentages of secondary school*  
23            *classes taught in core academic subject areas by teach-*  
24            *ers—*

1           “(A) with academic majors in those areas  
2           or in a related field;

3           “(B) who can demonstrate a high level of  
4           competence through rigorous academic subject  
5           area tests; and

6           “(C) increasing the percentage of elemen-  
7           tary school classes taught by teachers with aca-  
8           demic majors in the arts and sciences;

9           “(5) increased integration of technology in teach-  
10          er preparation and in classroom instruction;

11          “(6) restructuring or change of methodology  
12          courses to reflect best practices learned from elemen-  
13          tary schools, secondary schools or other entities;

14          “(7) increased dissemination of information  
15          about effective teaching strategies and practices; and

16          “(8) other effects of increased integration among  
17          members of the partnership.

18       **“SEC. 232. REVOCATION OF GRANT.**

19       “Each State or teacher training partnership receiving  
20       a grant under this part shall report annually on progress  
21       toward meeting the purposes of this part, and the goals,  
22       objectives and measures described in section 231. If the Sec-  
23       retary, after consultation with the peer review panel de-  
24       scribed in section 213(b) determines that the State or part-  
25       nership is not making substantial progress in meeting the

1 *purposes, goals, objectives and measures, as appropriate, by*  
2 *the end of the second year of the grant, the grant shall not*  
3 *be continued for the third year of the grant.*

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

5 *“The Secretary shall evaluate the activities funded*  
6 *under this part and report the Secretary’s findings to the*  
7 *Committee on Labor and Human Resources of the Senate*  
8 *and the Committee on Education and the Workforce of the*  
9 *House of Representatives. The Secretary shall broadly dis-*  
10 *seminate successful practices developed by the States and*  
11 *teacher training partnerships under this part, and shall*  
12 *broadly disseminate information regarding such practices*  
13 *so developed that were found to be ineffective.*

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

15 *“(a) STUDY.—The Secretary shall conduct a study*  
16 *through the National Center for Education Statistics re-*  
17 *garding the ways teachers are trained and the extent to*  
18 *which teachers in the United States and other comparable*  
19 *countries are teaching in areas other than the teachers’ field*  
20 *of study or expertise. The study will examine specific fields*  
21 *and will outline the nature and extent of the problem of*  
22 *out-of-field teaching in the United States and in other coun-*  
23 *tries that are considered comparable to the United States.*  
24 *The study shall include, at a minimum, all the countries*

1 *that participated in the Third International Mathematics*  
2 *and Science Study (TIMSS).*

3 “(b) *REPORT.—The Secretary shall report to Congress*  
4 *regarding the results of the study described in subsection*  
5 *(a).*

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

7 “*There are authorized to be appropriated to carry out*  
8 *this part \$300,000,000 for fiscal year 1999 and such sums*  
9 *as necessary for each of the 4 succeeding fiscal years, of*  
10 *which—*

11 “(1) *50 percent shall be available for each fiscal*  
12 *year to carry out subpart 1; and*

13 “(2) *50 percent shall be available for each fiscal*  
14 *year to carry out subpart 2.*

15 **“PART B—RECRUITING NEW TEACHERS FOR**  
16 **UNDERSERVED AREAS**

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

18 “*It is the purpose of this part to—*

19 “(1) *provide scholarships and, as necessary, sup-*  
20 *port services for students with high potential to be-*  
21 *come effective teachers, particularly minority stu-*  
22 *dents;*

23 “(2) *increase the quality and number of new*  
24 *teachers nationally; and*

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

3   **“SEC. 252. DEFINITIONS.**

4           *“In this part—*

5           “(1) *ELIGIBLE PARTNERSHIP.—*

6           “(A) *IN GENERAL.—The term ‘eligible part-*  
7           *nership’ means a partnership consisting of—*

8                   “(i) *an institution of higher education*  
9                   *that awards baccalaureate degrees and pre-*  
10                    *pares teachers for their initial entry into*  
11                   *the teaching profession; and*

12                   “(ii) *one or more local educational*  
13                   *agencies that serve underserved areas.*

14           “(B) *ADDITIONAL PARTNERS.—Such a*  
15           *partnership may also include—*

16                   “(i) *2-year institutions of higher edu-*  
17                   *cation that operate teacher preparation pro-*  
18                   *grams and maintain articulation agree-*  
19                   *ments, with the institutions of higher edu-*  
20                   *cation that award baccalaureate degrees for*  
21                   *the transfer of credits in teacher prepara-*  
22                   *tion;*

23                   “(ii) *State agencies that have respon-*  
24                   *sibility for policies related to teacher prepa-*

1                    *ration and teacher certification or licensure;*  
2                    *and*

3                    *“(iii) other public and private, non-*  
4                    *profit agencies and organizations that serve,*  
5                    *or are located in, communities served by the*  
6                    *local educational agencies in the partner-*  
7                    *ship, and that have an interest in teacher*  
8                    *recruitment, preparation, and induction.*

9                    *“(2) SUPPORT SERVICES.—The term ‘support*  
10                    *services’ means—*

11                    *“(A) academic advice and counseling;*

12                    *“(B) tutorial services;*

13                    *“(C) mentoring; and*

14                    *“(D) child care and transportation, if fund-*  
15                    *ing for those services cannot be arranged from*  
16                    *other sources.*

17                    *“(3) UNDERSERVED AREA.—The term ‘under-*  
18                    *served area’ means—*

19                    *“(A) the area served by the 3 local edu-*  
20                    *cational agencies in the State that have the high-*  
21                    *est numbers of children, ages 5 through 17, from*  
22                    *families below the poverty level (based on data*  
23                    *satisfactory to the Secretary); and*

24                    *“(B) the area served by any other local edu-*  
25                    *cational agency in which the percentage of such*

1           *children is at least 20 percent, or the number of*  
2           *such children is at least 10,000.*

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

4           “(a) *GRANTS AUTHORIZED.—*

5                 “(1) *GRANTS.—*

6                         “(A) *IN GENERAL.—From amounts appro-*  
7                         *priated under section 262 the Secretary shall*  
8                         *award grants, on a competitive basis, to eligible*  
9                         *partnerships to enable the eligible partnerships*  
10                        *to pay the Federal share of the cost of carrying*  
11                        *out the activities described in section 255.*

12                       “(B) *DURATION.—Each grant awarded*  
13                        *under subparagraph (A) shall be awarded for a*  
14                        *period not to exceed 5 years.*

15                 “(2) *CONTINUING ELIGIBILITY; REVIEW OF*  
16                 *PROGRESS.—The Secretary shall—*

17                       “(A) *continue to make grant payments for*  
18                        *the second and succeeding years of a grant*  
19                        *awarded under this part, only after determining*  
20                        *that the eligible partnership is making satisfac-*  
21                        *tory progress in carrying out the activities under*  
22                        *the grant; and*

23                       “(B) *conduct an intensive review of the eli-*  
24                        *gible partnerships’s progress under the grant,*  
25                        *with the assistance of outside experts, before*

1           *making grant payments for the fourth year of*  
2           *the grant.*

3           “(3) *MAXIMUM NUMBER.*—*No eligible partner-*  
4           *ship may receive more than 2 grants under this sub-*  
5           *section.*

6           “(b) *MATCHING REQUIREMENT.*—

7           “(1) *FEDERAL SHARE.*—*The Federal share of the*  
8           *cost of activities carried out under a grant made*  
9           *under subsection (a) shall not exceed—*

10           “(A) *70 percent of the cost in the first year*  
11           *of the grant;*

12           “(B) *60 percent in the second year;*

13           “(C) *60 percent in the third year;*

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

15           “(E) *50 percent in the fifth year and any*  
16           *succeeding year (including each year of the sec-*  
17           *ond grant, if any).*

18           “(2) *NON-FEDERAL SHARE.*—*The non-Federal*  
19           *share of activities carried out with a grant under sub-*  
20           *section (a) may be provided in cash or in kind, fairly*  
21           *evaluated, and may be obtained from any non-Fed-*  
22           *eral public or private source.*

23           “(c) *PLANNING GRANTS.*—



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

4           “(2) *DURATION.*—*Each planning grant shall be*  
 5           *for a period of not more than 1 year, which shall be*  
 6           *in addition to the period of any grant under sub-*  
 7           *section (a).*

8           “(3) *REQUIREMENT.*—*Any recipient of a plan-*  
 9           *ning grant under this subsection that wishes to re-*  
 10           *ceive a grant under subsection (a)(1) shall separately*  
 11           *apply for a grant under that subsection.*

12   **“SEC. 254. GRANT APPLICATIONS.**

13           “(a) *APPLICATIONS REQUIRED.*—*Any eligible partner-*  
 14           *ship desiring to receive a grant under this part shall submit*  
 15           *an application to the Secretary at such time, in such form,*  
 16           *and containing such information as the Secretary may re-*  
 17           *quire.*

18           “(b) *APPLICATION CONTENTS.*—*Each application for*  
 19           *a grant under section 253(a) shall include—*

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

23                   “(2) *information on the quality of the teacher*  
 24                   *preparation program of the institution of higher edu-*  
 25                   *cation participating in the eligible partnership and*

1       *how the eligible partnership will ensure, through im-*  
2       *provements in the eligible partnership’s teacher prep-*  
3       *aration practices or other appropriate strategies, that*  
4       *scholarship recipients will receive high-quality prepa-*  
5       *ration;*

6               “(3) a description of the assessment the members  
7       of the eligible partnership have undertaken—

8                       “(A) to determine—

9                               “(i) the most critical needs of the local  
10                               educational agencies, particularly the needs  
11                               of schools in high-poverty areas, for new  
12                               teachers (which may include teachers in  
13                               particular subject areas or at certain grade  
14                               levels); and

15                               “(ii) how the project carried out under  
16                               the grant will address those needs; and

17                       “(B) that reflects the input of all significant  
18                       entities in the community (including organiza-  
19                       tions representing teachers and parents) that  
20                       have an interest in teacher recruitment, prepara-  
21                       tion, and induction;

22               “(4) a description of the project the eligible part-  
23       nership will carry out with the grant, including in-  
24       formation regarding—

1           “(A) the recruitment and outreach efforts  
2 the eligible partnership will undertake to pub-  
3 licize the availability of scholarships and other  
4 assistance under the program;

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

15           “(ii) the criteria that the eligible partner-  
16 ship will use in selecting the students, including  
17 criteria to determine whether individuals have  
18 the capacity to benefit from the program, com-  
19 plete teacher certification requirements, and be-  
20 come effective teachers;

21           “(C) the activities the eligible partnership  
22 will carry out under the grant, including a de-  
23 scription of, and justification for, any support  
24 services the institution of higher education par-

1            *ticipating in the eligible partnership will offer to*  
2            *participating students;*

3            *“(D) the number and funding range of the*  
4            *scholarships the institution will provide to stu-*  
5            *dents; and*

6            *“(E) the procedures the institution will es-*  
7            *tablish for entering into, and enforcing, agree-*  
8            *ments with scholarship recipients regarding the*  
9            *recipients’ fulfillment of the service commitment*  
10           *described in section 259;*

11           *“(5) a description of how the institution will use*  
12           *funds provided under the grant only—*

13           *“(A) to increase the number of students—*

14           *“(i) with high potential to be effective*  
15           *teachers;*

16           *“(ii) participating in the institution’s*  
17           *teacher preparation programs; or*

18           *“(iii) in the particular type or types of*  
19           *preparation programs that the grant will*  
20           *support; or*

21           *“(B) to increase the number of graduates,*  
22           *who are minority individuals, with high poten-*  
23           *tial to be effective teachers;*

24           *“(6) a description of the commitments, by the*  
25           *local educational agencies participating in the part-*

1        *nership, to hire qualified scholarship recipients in the*  
2        *schools served by the agencies and in the subject areas*  
3        *or grade levels for which the scholarship recipients*  
4        *will be trained, and a description of the actions the*  
5        *participating institution of higher education, the par-*  
6        *ticipating local educational agencies, and the other*  
7        *partners will take to facilitate the successful transi-*  
8        *tion of the recipients into teaching; and*

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

13        **“SEC. 255. USES OF FUNDS.**

14                *“(a) IN GENERAL.—Each eligible partnership receiv-*  
15        *ing a grant under section 523(a) shall use the grant funds*  
16        *for the following:*

17                *“(1) SCHOLARSHIPS.—Scholarships to help stu-*  
18        *dents pay the costs of tuition, room, board, and other*  
19        *expenses of completing a teacher preparation pro-*  
20        *gram.*

21                *“(2) SUPPORT SERVICES.—Support services, if*  
22        *needed to enable scholarship recipients to complete*  
23        *postsecondary education programs.*

1           “(3) *FOLLOWUP SERVICES.*—*Followup services*  
2           *provided to former scholarship recipients during the*  
3           *recipients’ first 3 years of teaching.*

4           “(4) *PAYMENTS.*—*Payments to partner local*  
5           *educational agencies, if needed to enable the agencies*  
6           *to permit paraprofessional staff to participate in*  
7           *teacher preparation programs (such as the cost of re-*  
8           *lease time for the staff).*

9           “(5) *ADDITIONAL COURSES.*—*If appropriate,*  
10           *and if no other funds are available for, paying the*  
11           *costs of additional courses taken by former scholar-*  
12           *ship recipients during the recipients’ initial 3 years*  
13           *of teaching.*

14           “(b) *PLANNING GRANTS.*—*A recipient of a planning*  
15           *grant under section 253(c) shall use the grant funds for the*  
16           *costs of planning for the implementation of a grant under*  
17           *section 253(a).*

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

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

22                   “(1) *the quality of the teacher preparation pro-*  
23                   *gram offered by the institution participating in the*  
24                   *partnership;*

1           “(2) *the quality of the program carried out*  
2 *under the application; and*

3           “(3) *the capacity of the partnership to carry out*  
4 *the grant successfully.*

5           “(b) *CRITERIA.—*

6           “(1) *IN GENERAL.—In awarding grants under*  
7 *section 253(a), the Secretary shall seek to ensure*  
8 *that—*

9           “(A) *in the aggregate, eligible partnerships*  
10 *carry out a variety of approaches to preparing*  
11 *new teachers; and*

12           “(B) *there is an equitable geographic dis-*  
13 *tribution of the grants.*

14           “(2) *SPECIAL CONSIDERATION.—In addition to*  
15 *complying with paragraph (1), the Secretary shall*  
16 *give special consideration to—*

17           “(A) *applications most likely to result in*  
18 *the preparation of increased numbers of individ-*  
19 *uals with high potential for effective teaching*  
20 *who are minority individuals; and*

21           “(B) *applications from partnerships that*  
22 *have as members of the partnerships historically*  
23 *Black colleges and universities, Hispanic-serving*  
24 *institutions, and Tribal Colleges and Univer-*  
25 *sities.*

1       “(c) *SECOND FIVE-YEAR GRANTS.*—*In selecting eligi-*  
 2 *ble partnerships to receive second year grant payments*  
 3 *under this part, the Secretary shall give a preference to eli-*  
 4 *gible partnerships whose projects have resulted in—*

5               “(1) *the placement and retention of a substantial*  
 6 *number of high-quality graduates in teaching posi-*  
 7 *tions in underserved, high-poverty schools;*

8               “(2) *the adoption of effective programs that meet*  
 9 *the teacher preparation needs of high-poverty urban*  
 10 *and rural areas; and*

11               “(3) *effective partnerships with elementary*  
 12 *schools and secondary schools that are supporting im-*  
 13 *provements in student achievement.*

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

16       “(a) *DURATION OF ASSISTANCE.*—*No individual may*  
 17 *receive scholarship assistance under this part—*

18               “(1) *for more than 5 years of postsecondary edu-*  
 19 *cation; and*

20               “(2) *unless that individual satisfies the require-*  
 21 *ments of section 484(a)(5).*

22       “(b) *AMOUNT OF ASSISTANCE.*—*No individual may*  
 23 *receive a scholarship awarded under this part that exceeds*  
 24 *the cost of attendance, as defined in section 472, at the in-*  
 25 *stitution of higher education the individual is attending.*



1       “(c) *RELATION TO OTHER ASSISTANCE.*—A scholar-  
2 ship awarded under this part—

3               “(1) shall not be reduced on the basis of the indi-  
4 vidual’s receipt of other forms of Federal student fi-  
5 nancial assistance; and

6               “(2) shall be regarded as other financial assist-  
7 ance available to the student, within the meaning of  
8 sections 471(3) and 480(j)(1), in determining the stu-  
9 dent’s eligibility for grant, loan, or work assistance  
10 under title IV.

11 **“SEC. 258. SCHOLARSHIP CONDITIONS.**

12       “(a) *IN GENERAL.*—A recipient of a scholarship under  
13 this part shall continue to receive the scholarship assistance  
14 only as long as the recipient is—

15               “(1) enrolled as a full-time student and pursuing  
16 a course of study leading to teacher certification, un-  
17 less the recipient is working in a public school (as a  
18 paraprofessional, or as a teacher under emergency  
19 credentials) while participating in the program; and

20               “(2) maintaining satisfactory progress as deter-  
21 mined by the institution of higher education partici-  
22 pating in the partnership.

23       “(b) *SPECIAL RULE.* Each eligible partnership shall  
24 modify the application of section 257(a)(1) and of sub-  
25 section (a)(1) to the extent necessary to accommodate the

1 *rights of individuals with disabilities under section 504 of*  
2 *the Rehabilitation Act of 1973.*

3 **“SEC. 259. SERVICE REQUIREMENTS.**

4       “(a) *REQUIREMENT.*—*Each eligible partnership re-*  
5 *ceiving a grant under this part shall enter into an agree-*  
6 *ment, with each student to whom the partnership awards*  
7 *a scholarship under this part, providing that a scholarship*  
8 *recipient who completes a teacher preparation program*  
9 *under this part shall, within 7 years of completing that pro-*  
10 *gram, teach full-time for at least 5 years in a high-poverty*  
11 *school in an underserved geographic area or repay the*  
12 *amount of the scholarship, under the terms and conditions*  
13 *established by the Secretary.*

14       “(b) *REGULATIONS.* *The Secretary shall prescribe regu-*  
15 *lations relating to the requirements of subsection (a), in-*  
16 *cluding any provisions for waiver of those requirements.*

17 **“SEC. 260. EVALUATION.**

18       “*The Secretary shall provide for an evaluation of the*  
19 *program carried out under this part, which shall asses such*  
20 *issues as—*

21               “(1) *whether institutions participating in the el-*  
22 *igible partnerships are successful in preparing schol-*  
23 *arship recipients to teach to high State and local*  
24 *standards;*

1           “(2) whether scholarship recipients are successful  
2           in completing teacher preparation programs, becom-  
3           ing fully certified teachers, and obtaining teaching  
4           positions in underserved areas, and whether the re-  
5           cipients continue teaching in those areas over a pe-  
6           riod of years;

7           “(3) the national impact of the program in as-  
8           sisting local educational agencies in underserved  
9           areas to recruit, prepare, and retain diverse, high-  
10          quality teachers in the areas in which the agencies  
11          have the greatest needs;

12          “(4) the long-term impact of the grants on teach-  
13          er preparation programs conducted by institutions of  
14          higher education participating in the eligible partner-  
15          ship and on the institutions’ relationships with their  
16          partner local educational agencies and other members  
17          of the partnership; and

18          “(5) the relative effectiveness of different ap-  
19          proaches for preparing new teachers to teach in un-  
20          derserved areas, including their effectiveness in pre-  
21          paring new teachers to teach to high content and per-  
22          formance standards.

1 **“SEC. 261. NATIONAL ACTIVITIES.**

2       *“The Secretary may reserve not more than 5 percent*  
 3 *of the funds appropriated for this part for any fiscal year*  
 4 *for—*

5               *“(1) peer review of applications;*

6               *“(2) conducting the evaluation required under*  
 7 *section 260; and*

8               *“(3) technical assistance.*

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

10       *“There are authorized to be appropriated to carry out*  
 11 *this part \$37,000,000 for fiscal year 1999 and such sums*  
 12 *as may be necessary for each of the 4 succeeding fiscal*  
 13 *years.”.*

14 **TITLE III—INSTITUTIONAL AID**15 **SEC. 301. TRANSFERS AND REDESIGNATIONS.**

16       *(a) IN GENERAL.—Title III (20 U.S.C. 1051 et seq.)*  
 17 *is amended—*

18               *(1) by redesignating part D as part F;*

19               *(2) by redesignating sections 351, 352, 353, 354,*  
 20 *356, 357, 358, and 360 (20 U.S.C. 1066, 1067, 1068,*  
 21 *1069, 1069b, 1069c, 1069d, and 1069f) as sections*  
 22 *391, 392, 393, 394, 395, 396, 397, and 398, respec-*  
 23 *tively;*

24               *(3) by transferring part B of title VII (20 U.S.C.*  
 25 *1132c et seq.) to title III to follow part C of title III*

1       (20 U.S.C. 1065 *et seq.*), and redesignating such part  
2       *B* as part *D*;

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

6             (5) by transferring subparts 1 and 3 of part *B*  
7       of title *X* (20 U.S.C. 1135b *et seq.* and 1135d *et seq.*)  
8       to title *III* to follow part *D* of title *III* (as redesign-  
9       ated by paragraph (3)), and redesignating such sub-  
10       part 3 as subpart 2;

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

13       **“PART E—MINORITY SCIENCE IMPROVEMENT**  
14   **PROGRAM”**;

15            (7) by redesignating sections 1021 through 1024  
16       (20 U.S.C. 1135b and 1135b–3), and sections 1041,  
17       1042, 1043, 1044, 1046, and 1047 (20 U.S.C. 1135d,  
18       1135d–1, 1135d–2, 1135d–3, 1135d–5, and 1135d–6)  
19       as sections 351 through 354, and sections 361, 362,  
20       363, 364, 365, and 366, respectively; and

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

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

1           (1) *in paragraph (1), by inserting “and” after*  
2           *the semicolon;*

3           (2) *in paragraph (2), by striking “; and” and*  
4           *inserting a period; and*

5           (3) *by striking paragraph (3).*

6           (c) *CROSS REFERENCES.—Title III (20 U.S.C. 1051*  
7           *et seq.) is amended—*

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

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

11           (A) *in subsection (b)(1)(B), by striking*  
12           *“352(b)” and inserting “392(b)”;* and

13           (B) *in subsection (c)(2), by striking*  
14           *“352(a)” and inserting “392(a)”;*

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

17          (4) *in section 342 (as redesignated by subsection*  
18           *(a)(4)) (20 U.S.C. 1132c-1)—*

19           (A) *in paragraph (3), by striking “723(b)”*  
20           *and inserting “343(b)”;*

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

23           (C) *in the matter preceding subparagraph*  
24           (A) *of paragraph (5), by striking “724(b)” and*  
25           *inserting “344(b)”;*

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

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

5           (5) in section 343 (as redesignated by subsection  
6           (a)(4)) (20 U.S.C. 1132c-2)—

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

9           (B) in subsection (b)—

10           (i) in the matter preceding paragraph  
11           (1), by striking “725(1) and 726” and in-  
12           serting “345(1) and 346”;

13           (ii) in paragraph (10), by striking  
14           “724” and inserting “344”; and

15           (iii) in subsection (d), by striking  
16           “723(c)(1)” and inserting “343(c)(1)”;

17           (6) in section 345(2) (as redesignated by sub-  
18           section (a)(4)) (20 U.S.C. 1132c-4(2)), by striking  
19           “723” and inserting “343”;

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

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

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

3           (B) in paragraph (2), by striking  
4           “1046(7)” and inserting “365(7)”;

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

7           (D) in paragraph (4), by striking  
8           “1046(9)” and inserting “365(9)”;

9           (9) in section 361(1) (as redesignated by sub-  
10          section (a)(7)) (20 U.S.C. 1135d(1)), by striking  
11          “1046(3)” and inserting “365(3)”;

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

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

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

18          (11) in section 391(b)(6) (as redesignated by sub-  
19          section (a)(2)), by striking “357” and inserting  
20          “396”.

21 **SEC. 302. FINDINGS.**

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

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



1           (2) *by inserting after paragraph (2) the follow-*  
2 *ing:*

3           “(3) *in order to be competitive and provide a*  
4 *high-quality education for all, institutions of higher*  
5 *education should improve their technological capacity*  
6 *and make effective use of technology;”.*

7 **SEC. 303. STRENGTHENING INSTITUTIONS.**

8           (a) *GRANTS.*—*Section 311 (20 U.S.C. 1057) is amend-*  
9 *ed—*

10           (1) *in subsection (b)(3)(D), by inserting “, in-*  
11 *cluding high technology equipment,” after “equip-*  
12 *ment”; and*

13           (2) *by adding at the end the following:*

14           “(c) *ENDOWMENT FUND.*—

15           “(1) *IN GENERAL.*—*An eligible institution may*  
16 *use not more than 20 percent of the grant funds pro-*  
17 *vided under this part to establish or increase an en-*  
18 *dowment fund at such institution.*

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

1           “(3) *COMPARABILITY.*—*The provisions of part C,*  
 2           *regarding the establishment or increase of an endow-*  
 3           *ment fund, that the Secretary determines are not in-*  
 4           *consistent with this subsection, shall apply to funds*  
 5           *used under paragraph (1).”.*

6           “(b) *DURATION OF GRANT.*—*Section 313 (20 U.S.C.*  
 7           *1059) is amended by adding at the end the following:*

8           “(d) *WAIT-OUT-PERIOD.*—*Each eligible institution*  
 9           *that received a grant under this part for a 5-year period*  
 10           *shall not be eligible to receive an additional grant under*  
 11           *this part until 2 years after the date on which the 5-year*  
 12           *grant period terminates.*

13           “(c) *AMERICAN INDIAN TRIBALLY CONTROLLED COL-*  
 14           *LEGES AND UNIVERSITIES.*—*Section 316 (20 U.S.C. 1059c)*  
 15           *is amended to read as follows:*

16           “**SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COL-**  
 17    **LEGES AND UNIVERSITIES.**

18           “(a) *PROGRAM AUTHORIZED.*—*The Secretary shall*  
 19           *provide grants and related assistance to American Indian*  
 20           *Tribal Colleges and Universities to enable such institutions*  
 21           *to improve and expand their capacity to serve Indian stu-*  
 22           *dents.*

23           “(b) *DEFINITIONS.*—*In this section:*

1           “(1) *INDIAN*.—The term ‘Indian’ has the mean-  
2           ing given the term in section 2 of the Tribally Con-  
3           trolled College or University Assistance Act of 1978.

4           “(2) *INDIAN TRIBE*.—The term ‘Indian tribe’ has  
5           the meaning given the term in section 2 of the Trib-  
6           ally Controlled College or University Assistance Act of  
7           1978.

8           “(3) *TRIBAL COLLEGE OR UNIVERSITY*.—The  
9           term ‘Tribal College or University’ has the meaning  
10          give the term ‘tribally controlled college or university’  
11          in section 2 of the Tribally Controlled College or Uni-  
12          versity Assistance Act of 1978, and includes an insti-  
13          tution listed in the Equity in Educational Land  
14          Grant Status Act of 1994.

15          “(4) *INSTITUTION OF HIGHER EDUCATION*.—The  
16          term ‘institution of higher education’ means an insti-  
17          tution of higher education as defined in section  
18          1201(a), except that paragraph (2) of such section  
19          shall not apply.

20          “(c) *AUTHORIZED ACTIVITIES*.—

21                 “(1) *IN GENERAL*.—Grants awarded under this  
22                 section shall be used by Tribal Colleges or Universities  
23                 to assist such institutions to plan, develop, undertake,  
24                 and carry out activities to improve and expand such  
25                 institutions’ capacity to serve Indian students.

1           “(2) *EXAMPLES OF AUTHORIZED ACTIVITIES.*—  
2           *The activities described in paragraph (1) may in-*  
3           *clude—*

4                   “(A) *purchase, rental, or lease of scientific*  
5                   *or laboratory equipment for educational pur-*  
6                   *poses, including instructional and research pur-*  
7                   *poses;*

8                   “(B) *construction, maintenance, renovation,*  
9                   *and improvement in classrooms, libraries, lab-*  
10                   *oratories, and other instructional facilities, in-*  
11                   *cluding purchase or rental of telecommunications*  
12                   *technology equipment or services;*

13                   “(C) *support of faculty exchanges, faculty*  
14                   *development, and faculty fellowships to assist in*  
15                   *attaining advanced degrees in the faculty’s field*  
16                   *of instruction;*

17                   “(D) *academic instruction in disciplines in*  
18                   *which American Indians are underrepresented;*

19                   “(E) *purchase of library books, periodicals,*  
20                   *and other educational materials, including tele-*  
21                   *communications program material;*

22                   “(F) *tutoring, counseling, and student serv-*  
23                   *ice programs designed to improve academic suc-*  
24                   *cess;*

1           “(G) funds management, administrative  
2 management, and acquisition of equipment for  
3 use in strengthening funds management;

4           “(H) joint use of facilities, such as labora-  
5 tories and libraries;

6           “(I) establishing or improving a develop-  
7 ment office to strengthen or improve contribu-  
8 tions from alumni and the private sector;

9           “(J) establishing or enhancing a program of  
10 teacher education designed to qualify students to  
11 teach in elementary schools or secondary schools,  
12 with a particular emphasis on teaching Amer-  
13 ican Indian children and youth, that shall in-  
14 clude, as part of such program, preparation for  
15 teacher certification;

16           “(K) establishing community outreach pro-  
17 grams that encourage American Indian elemen-  
18 tary school and secondary school students to de-  
19 velop the academic skills and the interest to pur-  
20 sue postsecondary education;

21           “(L) other activities proposed in the appli-  
22 cation submitted pursuant to subsection (d)  
23 that—

1                   “(i) contribute to carrying out the ac-  
2                   tivities described in subparagraphs (A)  
3                   through (K); and

4                   “(ii) are approved by the Secretary as  
5                   part of the review and acceptance of such  
6                   application.

7                   “(3) ENDOWMENT FUND.—

8                   “(A) IN GENERAL.—A Tribal College or  
9                   University may use not more than 20 percent of  
10                  the grant funds provided under this section to es-  
11                  tablish or increase an endowment fund at the in-  
12                  stitution.

13                  “(B) MATCHING REQUIREMENT.—In order  
14                  to be eligible to use grant funds in accordance  
15                  with subparagraph (A), the Tribal College or  
16                  University shall provide matching funds, in an  
17                  amount equal to the Federal funds used in ac-  
18                  cordance with subparagraph (A), for the estab-  
19                  lishment or increase of the endowment fund.

20                  “(C) COMPARABILITY.—The provisions of  
21                  part C regarding the establishment or increase of  
22                  an endowment fund, that the Secretary deter-  
23                  mines are not inconsistent with this paragraph,  
24                  shall apply to funds used under subparagraph  
25                  (A).

1       “(d) *APPLICATION PROCESS.*—

2               “(1) *INSTITUTIONAL ELIGIBILITY.*—*To be eligible*  
3 *to receive assistance under this section, a Tribal Col-*  
4 *lege or University shall be an institution that—*

5                       “(A) *is an eligible institution under section*  
6 *312(b);*

7                       “(B) *is eligible to receive assistance under*  
8 *the Tribally Controlled College or University As-*  
9 *sistance Act of 1978; or*

10                      “(C) *is eligible to receive funds under the*  
11 *Equity in Educational Land Grant Status Act*  
12 *of 1994.*

13               “(2) *APPLICATION.*—*Any Tribal College or Uni-*  
14 *versity desiring to receive assistance under this sec-*  
15 *tion shall submit an application to the Secretary at*  
16 *such time, and in such manner, as the Secretary may*  
17 *by regulation reasonably require. Each such applica-*  
18 *tion shall include—*

19                      “(A) *a 5-year plan for improving the assist-*  
20 *ance provided by the Tribal College or Univer-*  
21 *sity to Indian students, increasing the rates at*  
22 *which Indian secondary school students enroll in*  
23 *higher education, and increasing overall post-*  
24 *secondary retention rates for Indian students;*  
25 *and*

1           “(B) such enrollment data and other infor-  
2           mation and assurances as the Secretary may re-  
3           quire to demonstrate compliance with subpara-  
4           graph (A) or (B) of paragraph (1).

5           “(3) *SPECIAL RULE.*—For the purposes of this  
6           part, no Tribal College or University that is eligible  
7           for and receives funds under this section may concu-  
8           rently receive other funds under this part or part B.”.

9   **SEC. 304. STRENGTHENING HBCU’s.**

10       (a) *GRANTS.*—Section 323 (20 U.S.C. 1062) is amend-  
11 *ed—*

12           (1) by redesignating subsection (b) as subsection  
13           (c); and

14           (2) by inserting after subsection (a) the follow-  
15           ing:

16       “(b) *ENDOWMENT FUND.*—

17           “(1) *IN GENERAL.*—An institution may use not  
18           more than 20 percent of the grant funds provided  
19           under this part to establish or increase an endowment  
20           fund at the institution.

21           “(2) *MATCHING REQUIREMENT.*—In order to be  
22           eligible to use grant funds in accordance with para-  
23           graph (1), the eligible institution shall provide match-  
24           ing funds, in an amount equal to the Federal funds



1       *used in accordance with paragraph (1), for the estab-*  
2       *lishment or increase of the endowment fund.*

3               “(3) *COMPARABILITY.*—*The provisions of part C*  
4       *regarding the establishment or increase of an endow-*  
5       *ment fund, that the Secretary determines are not in-*  
6       *consistent with this subsection, shall apply to funds*  
7       *used under paragraph (1).”.*

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

10               (1) *in subsection (a), by adding at the end of*  
11       *paragraph (2) the following: “If a grant of less than*  
12       *\$500,000 is made under this section, matching funds*  
13       *provided from non-Federal sources are not required.*  
14       *If a grant equal to or in excess of \$500,000 is made*  
15       *under this section, match funds provided from non-*  
16       *Federal sources are required only with respect to the*  
17       *amount of the grant that exceeds \$500,000.”; and*

18               (2) *in subsection (e)(1)—*

19                       (A) *in subparagraph (E), by inserting “,*  
20       *and any Tuskegee University qualified graduate*  
21       *program” before the semicolon;*

22                       (B) *in subparagraph (F), by inserting “,*  
23       *and any Xavier University qualified graduate*  
24       *program” before the semicolon;*

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

4           (D) in subparagraph (H), by inserting “,  
5           and any Texas Southern University qualified  
6           graduate program” before the semicolon;

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

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

14   **SEC. 305. ENDOWMENT CHALLENGE GRANTS.**

15          Paragraph (2) of section 331(b) (20 U.S.C. 1065(b))  
16   is amended by striking subparagraphs (B) and (C) and in-  
17   serting the following:

18          “(B) The Secretary may make a grant under this part  
19   to an eligible institution in any fiscal year if the institu-  
20   tion—

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

23               “(ii) has deposited in the eligible institution’s  
24               endowment fund established under this section an

1        *amount which is equal to 1/2 of the amount of such*  
2        *grant.*

3        *“(C) An eligible institution of higher education that*  
4        *is awarded a grant under subparagraph (B) shall not be*  
5        *eligible to receive an additional grant under subparagraph*  
6        *(B) until 10 years after the date on which the grant period*  
7        *terminates.”.*

8        **SEC. 306. HBCU CAPITAL FINANCING.**

9        *(a) DEFINITION.—Section 342(5) (as redesignated by*  
10        *section 301(a)(4)) (20 U.S.C. 1132c–1(5)) is amended—*

11                *(1) by redesignating subparagraphs (B), (C),*  
12                *and (D) as subparagraphs (C), (F), and (G);*

13                *(2) by inserting after subparagraph (A) the fol-*  
14                *lowing:*

15                        *“(B) a facility for the administration of an*  
16                        *educational program, or a student center or stu-*  
17                        *dent union, except that not more than 5 percent*  
18                        *of the loan proceeds provided under this part*  
19                        *may be used for the facility, center or union if*  
20                        *the facility, center or union is owned, leased,*  
21                        *managed, or operated by a private business,*  
22                        *that, in return for such use, makes a payment to*  
23                        *the eligible institution;”;*

24                *(3) by inserting after subparagraph (C) (as re-*  
25                *designated by paragraph (1)) the following:*

1           “(D) a maintenance, storage, or utility fa-  
 2           cility that is essential to the operation of a facil-  
 3           ity, a library, a dormitory, equipment, instru-  
 4           mentation, a fixture, real property or an interest  
 5           therein, described in this paragraph;

6           “(E) a facility designed to provide pri-  
 7           marily outpatient health care for students or fac-  
 8           ulty;” and

9           (4) in subparagraph (G) (as redesignated by  
 10          paragraph (2)), by striking “(C)” and inserting  
 11          “(F)”.

12          (b) *FULL FAITH AND CREDIT*.—Section 343 (as red-  
 13          esignated by section 301(a)(4)) (20 U.S.C. 1132c-2) is  
 14          amended by adding at the end the following:

15          “(e) Notwithstanding any other provision of law, the  
 16          Secretary may sell a qualified bond guaranteed under this  
 17          part to any party that offers terms that the Secretary deter-  
 18          mines are in the best interest of the eligible institution.”.

19          **SEC. 307. MINORITY SCIENCE AND ENGINEERING IMPROVE-  
 20          MENT PROGRAM.**

21          Section 365(4) (as redesignated by section 301(a)(7))  
 22          (20 U.S.C. 1135d-5(4)) is amended by inserting “behav-  
 23          ioral,” after “physical,”.

1 **SEC. 308. GENERAL PROVISIONS.**

2 (a) *APPLICATIONS.*—Paragraph (1) of section 391(b)  
3 (as redesignated by section 301(a)(2)) (20 U.S.C. 1066(b))  
4 is amended by inserting “, D or E” after “part C”.

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

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

10 (c) *WAIVERS.*—Paragraph (2) of section 395(b) (as re-  
11 designated by section 301(a)(2)) (20 U.S.C. 1069b(b)) is  
12 amended by striking “title IV, VII, or VIII” and inserting  
13 “part D or title IV”.

14 (d) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
15 398(a) (as redesignated by section 301(a)(2)) (20 U.S.C.  
16 1069f) is amended—

17 (1) in paragraph (1)—

18 (A) in subparagraph (A), by striking  
19 “1993” and inserting “1999”; and

20 (B) in subparagraph (B)—

21 (i) in clause (i), by striking  
22 “\$45,000,000 for fiscal year 1993” and in-  
23 serting “\$5,000,000 for fiscal year 1999”;

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

25 (iii) by striking “(B)(i) There” and in-  
26 serting “(B) There”;

1           (2) *in paragraph (2)—*

2                   (A) *in subparagraph (A), by striking*  
3           *“1993” and inserting “1999”; and*

4                   (B) *in subparagraph (B), by striking*  
5           *“\$20,000,000 for fiscal year 1993” and inserting*  
6           *“\$30,000,000 for fiscal year 1999”;*

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

10           (4) *by adding at the end the following:*

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

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

19    **TITLE IV—STUDENT ASSISTANCE**

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

21       **AT INSTITUTIONS OF HIGHER EDUCATION**

22    **SEC. 411. REPEALS AND REDESIGNATIONS.**

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

24           (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 U.S.C.  
19          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 “, for*  
2           *each fiscal year through fiscal year 2004, shall”;*  
3           *and*

4                   *(B) in the second sentence, by inserting*  
5           *“until such time as the Secretary determines and*  
6           *publishes in the Federal Register with an oppor-*  
7           *tunity for comment, an alternative payment sys-*  
8           *tem that provides payments to institutions in an*  
9           *accurate and timely manner,” after “pay eligible*  
10          *students”;*

11          *(3) in subsection (b)—*

12                   *(A) in paragraph (2)(A), by striking clauses*  
13          *(i) through (v), and inserting the following:*

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

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

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

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

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

24                   *(B) by amending paragraph (3) to read as*  
25          *follows:*



1           “(3) For any academic year for which an appro-  
2           piation Act provides a maximum basic grant in an  
3           amount in excess of \$2,400, the amount of a student’s  
4           basic grant shall equal \$2,400 plus—

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

7                   “(B) the lesser of—

8                           “(i) the remaining one-half of such ex-  
9                           cess; or

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

16                   (C) in paragraph (5), by striking “\$400, ex-  
17                   cept” and all that follows through “grant of  
18                   \$400” and insert “\$200”; and

19                   (D) in paragraph (6)—

20                           (i) by redesignating subparagraphs (A)  
21                           and (B) as clauses (i) and (ii), respectively;

22                           (ii) by inserting “(A)” after the para-  
23                           graph designation; and

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

1           “(B) *The Secretary shall promulgate regula-*  
2           *tions implementing this paragraph.*”; and  
3           (4) *in subsection (c)—*

4           (A) *by amending paragraph (1) to read as*  
5           *follows: “(1)(A) Except as provided in subpara-*  
6           *graph (B), the period during which a student*  
7           *may receive a basic grant shall be the period, re-*  
8           *quired for the completion of the first undergradu-*  
9           *ate baccalaureate course of study pursued by the*  
10           *student at the institution at which the student is*  
11           *in attendance, that does not exceed 150 percent*  
12           *of the period normally required by a full-time*  
13           *student (or the equivalent period, in the case of*  
14           *a part-time student) to complete the course of*  
15           *study at the institution, as determined by the in-*  
16           *stitution.*

17           “(B) *A student may receive basic grants*  
18           *under this subpart for a period that exceeds the*  
19           *period described in subparagraph (A) to the ex-*  
20           *tent the institution in which the student is en-*  
21           *rolled determines necessary to accommodate the*  
22           *rights of students with disabilities under section*  
23           *504 of the Rehabilitation Act of 1973.*”; and

24           (B) *in paragraph (2)—*

1                   (i) by striking “Nothing” and insert-  
2                   ing “(A) Except as provided in subpara-  
3                   graph (B), nothing”;

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

6                   (iii) by adding at the end the follow-  
7                   ing:

8                   “(B)(i) A student may receive a basic grant  
9                   to attend English language instruction that is a  
10                  separate course of instruction only if—

11                  “(I) students enrolled in such a course  
12                  are required to take an independently ad-  
13                  ministered standardized test of English lan-  
14                  guage proficiency upon completion of the  
15                  course; and

16                  “(II) not less than a minimum per-  
17                  centage of such students achieve a passing  
18                  score on that test.

19                  “(ii) The Secretary shall promulgate regula-  
20                  tions that specify 1 or more standardized tests of  
21                  English proficiency, the minimum percentage of  
22                  students who must achieve a passing score on the  
23                  tests, and such other requirements as the Sec-  
24                  retary determines are necessary to implement  
25                  clause (i).”.

1 **SEC. 413. TRIO PROGRAMS.**

2 (a) *PROGRAM AUTHORITY.*—Section 402A (20 U.S.C.  
3 1070a–11) is amended—

4 (1) in subsection (b)(3)—

5 (A) in subparagraph (A), by striking  
6 “\$170,000 for fiscal year 1993” and inserting  
7 “\$190,000 for each fiscal year”;

8 (B) in subparagraph (B), by striking  
9 “\$180,000 for fiscal year 1994” and inserting  
10 “\$200,000 for each fiscal year”; and

11 (C) in subparagraph (C), by striking  
12 “\$190,000 for fiscal year 1995” and inserting  
13 “\$210,000 for each fiscal year”;

14 (2) in subsection (c)(6), by amending the last  
15 sentence to read as follows: “The Secretary shall per-  
16 mit a Director of a program assisted under this chap-  
17 ter to also administer 1 or more additional programs  
18 for disadvantaged students operated by the sponsoring  
19 entity regardless of the funding source of such addi-  
20 tional program.”; and

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

24 (b) *TALENT SEARCH.*—Section 402B(b)(5) (20 U.S.C.  
25 1070a–12(b)(5)) is amended by inserting “, or activities de-  
26 signed to acquaint individuals from disadvantaged back-

1 *grounds with careers in which the individuals are particu-*  
2 *larly underrepresented” before the semicolon.*

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

5 (1) *in subsection (b)—*

6 (A) *in paragraph (9), by striking “and”*  
7 *after the semicolon;*

8 (B) *by redesignating paragraph (10) as*  
9 *paragraph (11);*

10 (C) *by inserting after paragraph (9) the fol-*  
11 *lowing:*

12 “(10) *work-study positions where youth partici-*  
13 *pating in the project are exposed to careers requiring*  
14 *a postsecondary degree; and”;* and

15 (D) *in paragraph (11) (as redesignated by*  
16 *subparagraph (B)), by striking “(9)” and insert-*  
17 *ing “(10)”;* and

18 (2) *in subsection (e), by striking “and not in ex-*  
19 *cess of \$40 per month during the remaining period of*  
20 *the year.” and inserting “except that youth partici-*  
21 *pating in a work-study position under subsection*  
22 *(b)(10) may be paid a stipend of \$300 per month*  
23 *during June, July, and August. Youths participating*  
24 *in a project proposed to be carried out under any ap-*

1        *plication may be paid stipends not in excess of \$40*  
 2        *per month during the remaining period of the year.”.*

3        *(d) STUDENT SUPPORT SERVICES.—Paragraph (6) of*  
 4        *section 402D(c) (20 U.S.C. 1070a–14(c)(6)) is amended to*  
 5        *read as follows:*

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

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

12                *“(B) maintaining the loan burden of each*  
 13        *such student at a manageable level.”.*

14        *(e) EVALUATION AND DISSEMINATION.—Section 402H*  
 15        *(20 U.S.C. 1070a–18) is amended to read as follows:*

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

19        *“(a) EVALUATIONS.—*

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

1       *of the programs and projects assisted under this sub-*  
2       *part.*

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 students*  
8       *to postsecondary education, the preparation of the in-*  
9       *dividuals and students for postsecondary education,*  
10       *and the success of the individuals and students in*  
11       *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 date*  
16       *of enactment of the Higher Education Amendments of 1998,*  
17       *to enable the institutions and organizations to expand and*  
18       *leverage the success of such programs or projects by working*  
19       *in partnership with other institutions, community-based*  
20       *organizations, or combinations of such institutions and or-*  
21       *ganizations, that are not receiving assistance under this*  
22       *subpart and are serving low-income students and first gen-*  
23       *eration college students, in order to—*

24                      “(1) *disseminate and replicate best practices of*  
25       *programs or projects assisted under this subpart; and*

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

3           “(c) *RESULTS.*—In order to improve overall program  
4 or project effectiveness, the results of evaluations and grants  
5 described in this section shall be disseminated by the Sec-  
6 retary to similar programs or projects assisted under this  
7 subpart, as well as other individuals concerned with post-  
8 secondary access for and retention of low-income individ-  
9 uals and first-generation college students.”.

10 **SEC. 414. NATIONAL EARLY INTERVENTION SCHOLARSHIP**  
11 **AND PARTNERSHIP PROGRAM.**

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

14 **SEC. 415. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPOR-**  
15 **TUNITY GRANTS.**

16           (a) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
17 413A(b) (20 U.S.C. 1070b) is amended by striking  
18 “\$675,000,000 for fiscal year 1993” and inserting  
19 “\$700,000,000 for fiscal year 1999”.

20           (b) *USE OF FUNDS FOR LESS-THAN-FULL-TIME STU-*  
21 *DENTS.*—Subsection (d) of section 413C (20 U.S.C. 1070b–  
22 2) is amended to read as follows:

23           “(d) *USE OF FUNDS FOR LESS-THAN-FULL-TIME*  
24 *STUDENTS.*—If the institution’s allocation under this sub-  
25 part is directly or indirectly based in part on the financial



1 *need demonstrated by students who are independent stu-*  
 2 *dents or attending the institution on less than a full-time*  
 3 *basis, a reasonable proportion of the allocation shall be*  
 4 *made available to such students.”.*

5 *(c) CARRYOVER, CARRYBACK, AND REALLOCATION.—*  
 6 *Subpart 3 of part A of title IV (20 U.S.C. 1070b et seq.)*  
 7 *is amended by adding at the end the following:*

8 **“SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCATION.**

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

15 *“(b) CARRYBACK AUTHORITY.—Of the sums made*  
 16 *available to an eligible institution under this subpart for*  
 17 *a fiscal year, not more than 10 percent may, at the discre-*  
 18 *tion of the institution, be used by the institution for expend-*  
 19 *iture for the fiscal year preceding the fiscal year for which*  
 20 *the sums were appropriated.*

21 *“(c) REALLOCATION.—Any of the sums made available*  
 22 *to an eligible institution under this subpart for a fiscal year*  
 23 *that are not needed by the institution to award supple-*  
 24 *mental grants during that fiscal year, that the institution*  
 25 *does not wish to use during the succeeding fiscal year as*

1 *authorized in subsection (a), and that the institution does*  
 2 *not wish to use for the preceding fiscal year as authorized*  
 3 *in subsection (b), shall be made available to the Secretary*  
 4 *for reallocation under section 413D(e) until the end of the*  
 5 *second fiscal year after the fiscal year for which such sums*  
 6 *were appropriated.”.*

7 **SEC. 416. LEVERAGING EDUCATIONAL ASSISTANCE PART-**  
 8 **nership Program.**

9 (a) *AMENDMENT TO SUBPART HEADING.—*

10 (1) *IN GENERAL.—The heading for subpart 4 of*  
 11 *part A of title IV (20 U.S.C. 1070c et seq.) is amend-*  
 12 *ed to read as follows:*

13 “*SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE*  
 14 *PARTNERSHIP PROGRAM”.*

15 (2) *CONFORMING AMENDMENTS.—Subpart 4 of*  
 16 *part A of title IV (20 U.S.C. 1070c et seq.) is amend-*  
 17 *ed—*

18 (A) *in section 415B(b) (20 U.S.C. 1070c-*  
 19 *1(b)), by striking “State student grant incen-*  
 20 *tive” and inserting “leveraging educational as-*  
 21 *sistance partnership”; and*

22 (B) *in the heading for section 415C (20*  
 23 *U.S.C. 1070c-2), by striking “STATE STUDENT*  
 24 **INCENTIVE GRANT” and inserting**

1           **“LEVERAGING EDUCATIONAL ASSISTANCE**  
 2           **PARTNERSHIP”.**

3           **(b) AUTHORIZATION OF APPROPRIATIONS.**—Section  
 4 *415A(b) (20 U.S.C. 1070c(b)) is amended—*

5           *(1) in paragraph (1), by striking “1993” and in-*  
 6           *serting “1999”;*

7           *(2) by redesignating paragraph (2) as para-*  
 8           *graph (3); and*

9           *(3) by inserting after paragraph (1) the follow-*  
 10          *ing:*

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

15          **(c) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE**  
 16          **PARTNERSHIP PROGRAM.**—*Subpart 4 of part A of title IV*  
 17          *(20 U.S.C. 1070c et seq.) is amended—*

18           *(1) by redesignating section 415E as 415F;*

19           *(2) by inserting after section 415D the following:*

20          **“SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSIST-**  
 21          **ANCE PARTNERSHIP PROGRAM.**

22           **“(a) IN GENERAL.**—*From amounts reserved under sec-*  
 23          *tion 415A(b)(2) for each fiscal year, the Secretary shall—*

1           “(1) *make allotments among States in the same*  
2           *manner as the Secretary makes allotments among*  
3           *States under section 415B; and*

4           “(2) *award grants to States, from allotments*  
5           *under paragraph (1), to enable the States to pay the*  
6           *Federal share of the cost of the authorized activities*  
7           *described in subsection (c).*

8           “(b) *APPLICABILITY RULE.—The provisions of this*  
9           *subpart which are not inconsistent with this section shall*  
10          *apply to the program authorized by this section.*

11          “(c) *AUTHORIZED ACTIVITIES.—Each State receiving*  
12          *a grant under this section may use the grant funds for—*

13               “(1) *increasing the dollar amount of grants*  
14               *awarded under section 415B to eligible students who*  
15               *demonstrate financial need;*

16               “(2) *carrying out transition programs from sec-*  
17               *ondary school to postsecondary education for eligible*  
18               *students who demonstrate financial need;*

19               “(3) *making funds available for community serv-*  
20               *ice work-study activities for eligible students who*  
21               *demonstrate financial need;*

22               “(4) *creating a postsecondary scholarship pro-*  
23               *gram for eligible students who demonstrate financial*  
24               *need and wish to enter teaching;*

1           “(5) creating a scholarship program for eligible  
2           students who demonstrate financial need and wish to  
3           enter a program of study leading to a degree in math-  
4           ematics, computer science, or engineering;

5           “(6) carrying out early intervention programs,  
6           mentoring programs, and career education programs  
7           for eligible students who demonstrate financial need;  
8           and

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

11          “(d) *MAINTENANCE OF EFFORT REQUIREMENT.*—  
12          Each State receiving a grant under this section for a fiscal  
13          year shall provide the Secretary an assurance that the ag-  
14          gregate amount expended per student or the aggregate ex-  
15          penditures by the State, from funds derived from non-Fed-  
16          eral sources, for the authorized activities described in sub-  
17          section (c) for the preceding fiscal year were not less than  
18          the amount expended per student or the aggregate expendi-  
19          tures by the State for the activities for the second preceding  
20          fiscal year.

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

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

1 **“SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE**  
2 **AGREEMENTS.**

3 *“(a) IN GENERAL.—Any State that desires to receive*  
4 *assistance under this subpart shall enter into an agreement*  
5 *with the Secretary pursuant to subsection (b) setting forth*  
6 *the terms and conditions for the relationship between the*  
7 *Federal Government and that State for the purposes set*  
8 *forth under this subpart.*

9 *“(b) CONTENTS.—*

10 *“(1) IN GENERAL.—Such agreement shall consist*  
11 *of assurances by the State, including a description of*  
12 *the means to be used by the State to fulfill the assur-*  
13 *ances, that—*

14 *“(A) the State will provide for such methods*  
15 *of administration as are necessary for the proper*  
16 *and efficient administration of the program*  
17 *under this subpart in keeping with the purposes*  
18 *set forth under this subpart;*

19 *“(B) the State will provide for such fiscal*  
20 *control and fund accounting procedures as may*  
21 *be necessary to ensure proper disbursement of,*  
22 *and accounting for, Federal funds paid to the*  
23 *State under this subpart;*

24 *“(C) the State will follow policies and prac-*  
25 *tices of administration that will ensure that non-*  
26 *Federal funds will not be supplanted by Federal*

1       *funds, and that equitable and appropriate cri-*  
2       *teria will be used in evaluation of applications*  
3       *or proposals for grants under this subpart; and*

4               *“(D) the State has a comprehensive plan-*  
5       *ning or policy formulation process that—*

6                       *“(i) considers the relation between*  
7       *State administration of the program under*  
8       *this subpart, and administration of similar*  
9       *State programs or processes;*

10                      *“(ii) encourages State policies designed*  
11       *to consider effects on declining enrollments*  
12       *on all sectors of postsecondary education in*  
13       *the State;*

14                      *“(iii) considers the postsecondary edu-*  
15       *cation needs of unserved and underserved*  
16       *individuals within the State, including in-*  
17       *dividuals beyond the traditional college age;*

18                      *“(iv) considers the resources of institu-*  
19       *tions, organizations, or agencies (both pub-*  
20       *lic and private) within the State capable of*  
21       *providing postsecondary educational oppor-*  
22       *tunities in the State; and*

23                      *“(v) provides for direct, equitable, and*  
24       *active participation in the comprehensive*  
25       *planning or policy formulation process or*

1                    *processes of representatives of institutions of*  
2                    *higher education (including community col-*  
3                    *leges, proprietary institutions, and inde-*  
4                    *pendent colleges and universities), students,*  
5                    *other providers of postsecondary education*  
6                    *services, and the general public in the State.*

7                    “(2) *SPECIAL RULE.—Participation under para-*  
8                    *graph (1)(D)(v) shall, consistent with State law, be*  
9                    *achieved through membership on State planning com-*  
10                    *missions, State advisory councils, or other State enti-*  
11                    *ties established by the State to conduct federally as-*  
12                    *sisted comprehensive planning or policy formulation.*

13                    “(c) *SPECIAL RULE.—The information and assurances*  
14                    *provided by a State in accordance with subparagraphs (A),*  
15                    *(B), and (C) of subsection (b)(1), and regulations issued*  
16                    *by the Secretary related directly to such assurances, shall*  
17                    *be satisfactory for the purposes of, and shall be considered*  
18                    *in lieu of, any comparable requirements for information*  
19                    *and assurances in any program under this subpart.*

20                    “(d) *AGREEMENT DURATION; COMPLIANCE.—*

21                    “(1) *AGREEMENT DURATION.—An agreement of*  
22                    *a State shall remain in effect subject to modification*  
23                    *as changes in information or circumstances require.*

24                    “(2) *COMPLIANCE.—Whenever the Secretary,*  
25                    *after reasonable notice and opportunity for a hearing*



1       *has been given to the State, finds that there is a fail-*  
2       *ure to comply substantially with the assurances re-*  
3       *quired in subparagraph (A), (B), or (C) of subsection*  
4       *(b)(1), the Secretary shall notify the State that the*  
5       *State is no longer eligible to participate in the pro-*  
6       *gram under this subpart until the Secretary is satis-*  
7       *fied that there is no longer any such failure to com-*  
8       *ply.*

9       “(e) *SPECIAL RULES.—*

10           “(1) *ENTITIES ENTERING INTO AGREEMENTS.—*

11       *For the purpose of this section, the selection of the*  
12       *State entity or entities authorized to act on behalf of*  
13       *the State for the purpose of entering into an agree-*  
14       *ment with the Secretary shall be in accordance with*  
15       *the State law of each individual State with respect to*  
16       *the authority to make legal agreements between the*  
17       *State and the Federal Government.*

18           “(2) *CONSTRUCTION.—*

19           “(A) *STATE STRUCTURE.—Nothing in this*  
20       *section shall be construed to authorize the Sec-*  
21       *retary to require any State to adopt, as a condi-*  
22       *tion for entering into an agreement, or for par-*  
23       *ticipation in a program under this subpart, a*  
24       *specific State organizational structure for*  
25       *achieving participation in the planning, or ad-*

1           *ministration of programs, or for statewide plan-*  
 2           *ning, coordination, governing, regulating, or ad-*  
 3           *ministering of postsecondary education agencies,*  
 4           *institutions, or programs in the State.*

5           “(B) *STATE AUTHORITY.*—*Nothing in this*  
 6           *section shall be construed as a limitation on the*  
 7           *authority of any State to adopt a State organi-*  
 8           *zational structure for postsecondary education*  
 9           *agencies, institutions, or programs that is appro-*  
 10           *priate to the needs, traditions, and cir-*  
 11           *cumstances of that State, or as a limitation on*  
 12           *the authority of a State entering into an agree-*  
 13           *ment pursuant to this section to modify the*  
 14           *State organizational structure at any time subse-*  
 15           *quent to entering into such an agreement.”.*

16           (d) *TECHNICAL AND CONFORMING AMENDMENTS.*—

17           (1) *PURPOSE.*—*Subsection (a) of section 415A*  
 18           *(20 U.S.C. 1070c(a)) is amended to read as follows:*

19           “(a) *PURPOSE OF SUBPART.*—*It is the purpose of this*  
 20           *subpart to make incentive grants available to States to as-*  
 21           *sist States in—*

22           “(1) *providing grants to—*

23           “(A) *eligible students attending institutions*  
 24           *of higher education or participating in programs*  
 25           *of study abroad that are approved for credit by*

1           *institutions of higher education at which such*  
2           *students are enrolled; and*

3                   “(B) *eligible students for campus-based*  
4           *community service work-study; and*

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

7                   (2) *ALLOTMENT.—Section 415B(a)(1) (20 U.S.C.*  
8           *1070c–1(a)(1)) is amended by inserting “and not re-*  
9           *served under section 415A(b)(2)” after “415A(b)(1)”.*

10 **SEC. 417. HEP AND CAMP.**

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

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

15                   (2) *in paragraph (2), by striking “\$5,000,000 for*  
16           *fiscal year 1993” and inserting “\$10,000,000 for fis-*  
17           *cal year 1999”.*

18 **SEC. 418. ROBERT C. BYRD HONORS SCHOLARSHIP PRO-**  
19                   **GRAM.**

20           *Section 419K (20 U.S.C. 1070d–41) is amended by*  
21           *striking “\$10,000,000 for fiscal year 1993” and inserting*  
22           *“\$45,000,000 for fiscal year 1999”.*

1 **SEC. 419. CHILD CARE ACCESS MEANS PARENTS IN**  
 2 **SCHOOL.**

3 *Part A of title IV (20 U.S.C. 1070 et seq.) is amended*  
 4 *by inserting after subpart 6 (20 U.S.C. 1070d–31 et seq.)*  
 5 *the following:*

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

8 **“SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN**  
 9 **SCHOOL.**

10 *“(a) PURPOSE.—The purpose of this section is to sup-*  
 11 *port the participation of low-income parents in postsecond-*  
 12 *ary education through the provision of campus-based child*  
 13 *care services.*

14 *“(b) PROGRAM AUTHORIZED.—*

15 *“(1) AUTHORITY.—The Secretary may award*  
 16 *grants to institutions of higher education to assist the*  
 17 *institutions in providing campus-based child care*  
 18 *services primarily to low-income students.*

19 *“(2) AMOUNT OF GRANTS.—*

20 *“(A) IN GENERAL.—The amount of a grant*  
 21 *awarded to an institution of higher education*  
 22 *under this section for a fiscal year shall not ex-*  
 23 *ceed 1 percent of the total amount of all Federal*  
 24 *Pell Grant funds awarded to students enrolled at*  
 25 *the institution of higher education for the preced-*  
 26 *ing fiscal year.*

1           “(B) *MINIMUM.*—A grant under this section  
2 shall be awarded in an amount that is not less  
3 than \$10,000.

4           “(3) *DURATION; RENEWAL; AND PAYMENTS.*—

5           “(A) *DURATION.*—The Secretary shall  
6 award a grant under this section for a period of  
7 3 years.

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

10           “(C) *PAYMENTS.*—Subject to subsection  
11 (e)(2), the Secretary shall make annual grant  
12 payments under this section.

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

19           “(5) *USE OF FUNDS.*—Grant funds under this  
20 section shall be used by an institution of higher edu-  
21 cation to support or establish a campus-based child  
22 care program primarily serving the needs of low-in-  
23 come students enrolled at the institution of higher  
24 education.

1           “(6) *CONSTRUCTION.*—*Nothing in this section*  
2           *shall be construed to prohibit an institution of higher*  
3           *education that receives grant funds under this section*  
4           *from serving the child care needs of the community*  
5           *served by the institution.*

6           “(7) *DEFINITION OF LOW-INCOME STUDENT.*—  
7           *For the purpose of this section, the term “low-income*  
8           *student” means a student who is eligible to receive a*  
9           *Federal Pell Grant for the fiscal year for which the*  
10          *determination is made.*

11          “(c) *APPLICATIONS.*—*An institution of higher edu-*  
12          *cation desiring a grant under this section shall submit an*  
13          *application to the Secretary at such time, in such manner,*  
14          *and accompanied by such information as the Secretary*  
15          *may require. Each application shall—*

16                 “(1) *demonstrate that the institution is an eligi-*  
17                 *ble institution described in subsection (b)(4);*

18                 “(2) *specify the amount of funds requested;*

19                 “(3) *demonstrate the need of low-income students*  
20                 *at the institution for campus-based child care services*  
21                 *by including in the application—*

22                         “(A) *information regarding student demo-*  
23                         *graphics;*

24                         “(B) *an assessment of child care capacity*  
25                         *on or near campus;*

1           “(C) information regarding the existence of  
2           waiting lists for existing child care;

3           “(D) information regarding additional  
4           needs created by concentrations of poverty or by  
5           geographic isolation; and

6           “(E) other relevant data;

7           “(4) contain a description of the activities to be  
8           assisted, including whether the grant funds will sup-  
9           port an existing child care program or a new child  
10          care program;

11          “(5) identify the resources, including technical  
12          expertise and financial support, the institution will  
13          draw upon to support the child care program and the  
14          participation of low-income students in the program,  
15          such as accessing social services funding, using stu-  
16          dent activity fees to help pay the costs of child care,  
17          using resources obtained by meeting the needs of par-  
18          ents who are not low-income students, and accessing  
19          foundation, corporate or other institutional support,  
20          and demonstrate that the use of the resources will not  
21          result in increases in student tuition;

22          “(6) contain an assurance that the institution  
23          will meet the child care needs of low-income students  
24          through the provision of services, or through a con-  
25          tract for the provision of services;

1           “(7) describe the extent to which the child care  
2           program will coordinate with the institution’s early  
3           childhood education curriculum, to the extent the cur-  
4           riculum is available, to meet the needs of the students  
5           in the early childhood education program at the insti-  
6           tution, and the needs of the parents and children par-  
7           ticipating in the child care program assisted under  
8           this section;

9           “(8) in the case of an institution seeking assist-  
10          ance for a new child care program—

11                 “(A) provide a timeline, covering the period  
12                 from receipt of the grant through the provision  
13                 of the child care services, delineating the specific  
14                 steps the institution will take to achieve the goal  
15                 of providing low-income students with child care  
16                 services;

17                 “(B) specify any measures the institution  
18                 will take to assist low-income students with child  
19                 care during the period before the institution pro-  
20                 vides child care services; and

21                 “(C) include a plan for identifying re-  
22                 sources needed for the child care services, includ-  
23                 ing space in which to provide child care services,  
24                 and technical assistance if necessary;



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

5           “(10) contain a plan for any child care facility  
6           assisted under this section to become accredited with-  
7           in 3 years of the date the institution first receives as-  
8           sistance under this section.

9           “(d) *PRIORITY.*—The Secretary shall give priority in  
10          awarding grants under this section to institutions of higher  
11          education that submit applications describing programs  
12          that—

13           “(1) leverage significant local or institutional re-  
14          sources, including in-kind contributions, to support  
15          the activities assisted under this section; and

16           “(2) utilize a sliding fee scale for child care serv-  
17          ices provided under this section in order to support  
18          a high number of low-income parents pursuing post-  
19          secondary education at the institution.

20          “(e) *REPORTING REQUIREMENTS; CONTINUING ELIGI-*  
21          *BILITY.*—

22           “(1) *REPORTING REQUIREMENTS.*—

23           “(A) *REPORTS.*—Each institution of higher  
24          education receiving a grant under this section  
25          shall report to the Secretary 18 months, and 36

1           *months, after receiving the first grant payment*  
2           *under this section.*

3           “(B) *CONTENTS.—The report shall in-*  
4           *clude—*

5                     “(i) *data on the population served*  
6                     *under this section;*

7                     “(ii) *information on campus and com-*  
8                     *munity resources and funding used to help*  
9                     *low-income students access child care serv-*  
10                    *ices;*

11                    “(iii) *information on progress made*  
12                    *toward accreditation of any child care facil-*  
13                    *ity; and*

14                    “(iv) *information on the impact of the*  
15                    *grant on the quality, availability, and af-*  
16                    *fordability of campus-based child care serv-*  
17                    *ices.*

18           “(2) *CONTINUING ELIGIBILITY.—The Secretary*  
19           *shall make the third annual grant payment under*  
20           *this section to an institution of higher education only*  
21           *if the Secretary determines, on the basis of the 18-*  
22           *month report submitted under paragraph (1), that the*  
23           *institution is making a good faith effort to ensure*  
24           *that low-income students at the institution have ac-*  
25           *cess to affordable, quality child care services.*

1       “(f) *CONSTRUCTION.*—No funds provided under this  
 2 section shall be used for construction, except for minor ren-  
 3 ovation or repair to meet applicable State or local health  
 4 or safety requirements.

5       “(g) *AUTHORIZATION OF APPROPRIATIONS.*—There  
 6 are authorized to be appropriated to carry out this section  
 7 \$60,000,000 for fiscal year 1999 and such sums as may be  
 8 necessary for each of the 4 succeeding fiscal years.”.

9       **PART B—FEDERAL FAMILY EDUCATION LOAN**

10   **PROGRAM**

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

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

13               (1) in subsection (c)—

14                       (A) in paragraph (6)(B)(i), by striking  
 15                       “written” and inserting “written, electronic”;  
 16                       and

17                       (B) in paragraph (7)(A), by striking “dur-  
 18                       ing the transition from the Federal Family Edu-  
 19                       cation Loan Program under this part to the Fed-  
 20                       eral Direct Student Loan Program under part D  
 21                       of this title”;

22               (2) in the matter preceding subparagraph (A) of  
 23                       subsection (g)(1), by striking “or the program author-  
 24                       ized by part D of this title” each place the term ap-  
 25                       pears; and

1           (3) *by adding at the end the following:*

2           “(i) *ADDITIONAL RECALL OF RESERVES.—*

3                 “(1) *IN GENERAL.—Notwithstanding any other*  
4 *provision of law and subject to paragraph (4), the*  
5 *Secretary shall recall \$40,000,000 for each of the fis-*  
6 *cal years 1999, 2000, 2001, 2002, and 2003 from re-*  
7 *serve funds held in the Federal Student Loan Reserve*  
8 *Funds established under section 422A by guaranty*  
9 *agencies.*

10               “(2) *DEPOSIT.—Funds recalled by the Secretary*  
11 *under this subsection shall be deposited in the Treas-*  
12 *ury.*

13               “(3) *REQUIRED SHARE.—The Secretary shall re-*  
14 *quire each guaranty agency to return reserve funds*  
15 *under paragraph (1) annually on the basis of  $\frac{1}{5}$  of*  
16 *the agency’s required share. For purposes of this*  
17 *paragraph, a guaranty agency’s required share shall*  
18 *be determined as follows:*

19                     “(A) *EQUAL PERCENTAGE.—The Secretary*  
20 *shall require each guaranty agency to return an*  
21 *equal percentage reduction in the amount of re-*  
22 *serve funds held by the agency on September 30,*  
23 *1996.*

1           “(B) *CALCULATION.*—*The equal percentage*  
2           *reduction shall be the percentage obtained by di-*  
3           *viding—*

4                     “(i) \$200,000,000, by

5                     “(ii) *the total amount of all guaranty*  
6                     *agencies’ reserve funds held on September*  
7                     *30, 1996.*

8           “(4) *OFFSET OF REQUIRED SHARES.*—*If any*  
9           *guaranty agency returns to the Secretary any reserve*  
10           *funds in excess of the amount required under this sub-*  
11           *section or subsection (h), the total amount required to*  
12           *be returned under paragraph (1) shall be reduced by*  
13           *the amount of such excess reserve funds returned.*

14           “(5) *DEFINITION OF RESERVE FUNDS.*—*The term*  
15           *‘reserve funds’ when used with respect to a guaranty*  
16           *agency—*

17                     “(A) *includes any reserve funds in cash or*  
18                     *liquid assets held by the guaranty agency, or*  
19                     *held by, or under the control of, any other entity;*  
20                     *and*

21                     “(B) *does not include buildings, equipment,*  
22                     *or other nonliquid assets.”.*

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

2 *Part B of title IV (20 U.S.C. 1071 et seq.) is amended*  
3 *by inserting after section 422 (20 U.S.C. 1072) the follow-*  
4 *ing:*

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

6 *“(a) ESTABLISHMENT.—Each guaranty agency shall,*  
7 *not later than 45 days after the date of enactment of this*  
8 *section, deposit all funds, securities, and other liquid assets*  
9 *contained in the reserve fund established pursuant to sec-*  
10 *tion 422 into a Federal Student Loan Reserve Fund (in*  
11 *this section referred to as the ‘Federal Fund’), in an account*  
12 *of a type selected by the agency, with the approval of the*  
13 *Secretary.*

14 *“(b) INVESTMENT OF FUNDS.—Funds transferred to*  
15 *the Federal Fund shall be invested in obligations issued or*  
16 *guaranteed by the United States or a State, or in other*  
17 *similarly low-risk securities selected by the guaranty agen-*  
18 *cy, with the approval of the Secretary. Earnings from the*  
19 *Federal Fund shall be the sole property of the Federal Gov-*  
20 *ernment.*

21 *“(c) ADDITIONAL DEPOSITS.—After the establishment*  
22 *of the Federal Fund, a guaranty agency shall deposit into*  
23 *the Federal Fund—*

24 *“(1) all amounts received from the Secretary as*  
25 *payment of reinsurance on loans pursuant to section*  
26 *428(c)(1);*

1           “(2) from amounts collected on behalf of the obli-  
2           gation of a defaulted borrower, a percentage amount  
3           equal to the complement of the reinsurance percentage  
4           in effect when payment under the guaranty agreement  
5           was made with respect to the defaulted loan pursuant  
6           to section 428(c)(6)(A)(i); and

7           “(3) the amount of the insurance premium col-  
8           lected from borrowers pursuant to section  
9           428(b)(1)(H).

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

12           “(1) to pay lender claims pursuant to sections  
13           428(b)(1)(G), 428(j), 437, and 439(q); and

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

17          “(e) *OWNERSHIP OF FEDERAL FUND.*—The *Federal*  
18 *Fund* administered by the guaranty agency, regardless of  
19 who holds or controls the reserve funds or assets, and any  
20 nonliquid assets that were purchased with *Federal* reserve  
21 funds, shall be considered to be the property of the United  
22 States to be used in the operation of the program authorized  
23 by this part, as provided in subsection (d). The Secretary  
24 may direct a guaranty agency, or such agency’s officers or  
25 directors, to cease any activity involving expenditure, use,

1 *or transfer of the Federal Fund administered by the guar-*  
2 *anty agency that the Secretary determines is a*  
3 *misapplication, misuse, or improper expenditure of such*  
4 *funds or assets.*

5 “(f) *TRANSITION.*—

6 “(1) *IN GENERAL.*—*In order to establish the*  
7 *Agency Operating Fund established by section 422B,*  
8 *each agency may transfer not more than 180 days*  
9 *cash expenses for normal operating expenses, as a*  
10 *working capital reserve as defined in Office of Man-*  
11 *agement and Budget Circular A–87 (Cost Accounting*  
12 *Standards) for use in the performance of the agency’s*  
13 *duties under this part. Such transfers may occur dur-*  
14 *ing the first 3 years following the establishment of the*  
15 *Agency Operating Fund, except that no agency may*  
16 *transfer in excess of 40 percent of the Federal Fund*  
17 *balance to the agency’s Agency Operating Fund dur-*  
18 *ing any fiscal year. In determining the amount nec-*  
19 *essary for transfer, the agency shall assure that suffi-*  
20 *cient funds remain in the Federal Fund to pay lender*  
21 *claims within the required time periods and to meet*  
22 *the reserve funds recall requirements of subsection (b).*

23 “(2) *REPAYMENT PROVISIONS.*—*Each guaranty*  
24 *agency shall begin repayment of sums transferred*  
25 *pursuant to this subsection not later than 3 years*



1     *after the establishment of the Agency Operating Fund,*  
2     *and shall repay all sums transferred not later than*  
3     *5 years from the date of the establishment of the*  
4     *Agency Operating Fund. The guaranty agency shall*  
5     *provide to the Secretary a schedule for repayment of*  
6     *the sums transferred and an annual financial analy-*  
7     *sis demonstrating the agency's ability to comply with*  
8     *the schedule and repay all outstanding sums trans-*  
9     *ferred.*

10           “(3) *PROHIBITION.—If a guaranty agency trans-*  
11     *fers funds from the Federal Fund in accordance with*  
12     *this section, and fails to make scheduled repayments*  
13     *to the Federal Fund, the agency may not receive any*  
14     *other funds under this part until the Secretary deter-*  
15     *mines that the agency has made such repayments.*

16           “(4) *WAIVER.—The Secretary may waive the re-*  
17     *quirements of paragraph (3) for a guaranty agency*  
18     *described in such paragraph if the Secretary deter-*  
19     *mines there are extenuating circumstances beyond the*  
20     *control of the agency that justify such a waiver.*

21           “(5) *INVESTMENT OF FEDERAL FUNDS.—Funds*  
22     *transferred from the Federal Fund to the Agency Op-*  
23     *erating Fund for operating expenses shall be invested*  
24     *in obligations issued or guaranteed by the United*  
25     *States or a State, or in other similarly low-risk secu-*

1        *rities selected by the guaranty agency, with the ap-*  
2        *proval of the Secretary.*

3            *“(6) SPECIAL RULE.—In applying the minimum*  
4        *reserve level required by section 428(c)(9)(A), the Sec-*  
5        *retary shall include all amounts owed to the Federal*  
6        *Fund by the guaranty agency in the calculation.”.*

7        **SEC. 423. AGENCY OPERATING FUND.**

8        *Part B of title IV (20 U.S.C. 1071 et seq.) is amended*  
9        *further by inserting after section 422A (as added by section*  
10       *422) the following:*

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

12            *“(a) ESTABLISHMENT.—Each guaranty agency shall,*  
13        *not later than 45 days after the date of enactment of this*  
14        *section, establish a fund designated as the Agency Operating*  
15        *Fund (in this section referred to as the ‘Operating Fund’).*

16            *“(b) INVESTMENT OF FUNDS.—Funds deposited into*  
17        *the Operating Fund, with the exception of funds transferred*  
18        *from the Federal Student Loan Reserve Fund pursuant to*  
19        *section 422A(f), shall be invested at the discretion of the*  
20        *guaranty agency.*

21            *“(c) ADDITIONAL DEPOSITS.—After the establishment*  
22        *of the Operating Fund, the guaranty agency shall deposit*  
23        *into the Operating Fund—*

24            *“(1) the loan processing and issuance fee paid by*  
25        *the Secretary pursuant to section 428(f);*

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

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

5           “(4) amounts remaining pursuant to section  
6           428(c)(6)(A)(ii) from collection on defaulted loans  
7           held by the agency, after payment of the Secretary’s  
8           equitable share, excluding amounts deposited in the  
9           Federal Student Loan Reserve Fund pursuant to sec-  
10          tion 422A(c)(2).

11          “(d) USES OF FUNDS.—

12           “(1) IN GENERAL.—Funds in the Operating  
13          Fund shall be used for application processing, loan  
14          disbursement, enrollment and repayment status man-  
15          agement, default prevention activities (including those  
16          described in section 422(h)(8), default collection ac-  
17          tivities, school and lender training, compliance mon-  
18          itoring, and other student financial aid related ac-  
19          tivities as determined by the Secretary.

20           “(2) SPECIAL RULE.—The guaranty agency  
21          may, in the agency’s discretion, transfer funds from  
22          the Operating Fund to the Federal Student Loan Re-  
23          serve Fund for use pursuant to section 422A. Such  
24          transfer shall be irrevocable, and any funds so trans-

1        *ferred shall become the sole property of the United*  
2        *States.*

3            “(3) *DEFINITIONS.—For purposes of this sub-*  
4        *section:*

5            “(A) *DEFAULT COLLECTION ACTIVITIES.—*  
6        *The term ‘default collection activities’ means ac-*  
7        *tivities of a guaranty agency that are directly*  
8        *related to the collection of the loan on which a*  
9        *default claim has been paid to the participating*  
10       *lender, including the attributable compensation*  
11       *of collection personnel (and in the case of person-*  
12       *nel who perform several functions for such an*  
13       *agency only the portion of the compensation at-*  
14       *tributable to the collection activity), attorney’s*  
15       *fees, fees paid to collection agencies, postage,*  
16       *equipment, supplies, telephone, and similar*  
17       *charges.*

18            “(B) *DEFAULT PREVENTION ACTIVITIES.—*  
19        *The term ‘default prevention activities’ means*  
20        *activities of a guaranty agency, including those*  
21        *described in section 422(h)(8), that are directly*  
22        *related to providing collection assistance to the*  
23        *lender on a delinquent loan, prior to the loan’s*  
24        *being in a default status, including the attrib-*  
25        *utable compensation of appropriate personnel*

1           *(and in the case of personnel who perform sev-*  
2           *eral functions for such an agency only the por-*  
3           *tion of compensation attributable to the default*  
4           *prevention activity), fees paid to locate a miss-*  
5           *ing borrower, postage, equipment, supplies, tele-*  
6           *phone, and similar charges.*

7           “(C) *ENROLLMENT AND REPAYMENT STATUS*  
8           *MANAGEMENT.—The term ‘enrollment and repay-*  
9           *ment status management’ means activities of a*  
10           *guaranty agency that are directly related to*  
11           *ascertaining the student’s enrollment status, in-*  
12           *cluding prompt notification to the lender of such*  
13           *status, an audit of the note or written agreement*  
14           *to determine if the provisions of that note or*  
15           *agreement are consistent with the records of the*  
16           *guaranty agency as to the principal amount of*  
17           *the loan guaranteed, and an examination of the*  
18           *note or agreement to assure that the repayment*  
19           *provisions are consistent with the provisions of*  
20           *this title.*

21           “(e) *OWNERSHIP OF OPERATING FUND.—The Operat-*  
22           *ing Fund, with the exception of funds transferred from the*  
23           *Federal Student Loan Reserve Fund in accordance with*  
24           *section 422A(f), shall be considered to be the property of*  
25           *the guaranty agency. The Secretary may not regulate the*

1 *uses or expenditure of moneys in the Operating Fund, but*  
 2 *the Secretary may require such necessary reports and au-*  
 3 *dits as provided in section 428(b)(2). However, during any*  
 4 *period in which funds are owed to the Federal Student*  
 5 *Loan Reserve Fund as a result of transfer under 422A(f),*  
 6 *moneys in the Operating Fund may only be used for ex-*  
 7 *penses related to the student loan programs authorized*  
 8 *under this part.*

9       “(f) *AUTHORITY OF SECRETARY TO DISPOSE OF NON-*  
 10 *LIQUID ASSETS.—The Secretary may allow a guaranty*  
 11 *agency to purchase nonliquid assets of the agency originally*  
 12 *acquired with student loan reserve funds, except that an*  
 13 *agency may not purchase any nonliquid assets during any*  
 14 *period in which funds are owed to the Federal Student*  
 15 *Loan Reserve Fund as a result of a transfer under section*  
 16 *422A(f). The purchase amount shall be available for expend-*  
 17 *iture under section 458.”.*

18 **SEC. 424. APPLICABLE INTEREST RATES.**

19       (a) *APPLICABLE INTEREST RATES.—*

20               (1) *AMENDMENT.—Section 427A (20 U.S.C.*  
 21 *1077a et seq.) is amended to read as follows:*

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

23       “(a) *INTEREST RATES FOR NEW LOANS ON OR AFTER*  
 24 *JULY 1, 1998.—*

1           “(1) *IN GENERAL.*—*Subject to paragraph (2),*  
2           *with respect to any loan made, insured, or guaranteed*  
3           *under this part (other than a loan made pursuant to*  
4           *section 428B or 428C) for which the first disburse-*  
5           *ment is made on or after July 1, 1998, the applicable*  
6           *rate of interest shall, during any 12-month period be-*  
7           *ginning on July 1 and ending on June 30, be deter-*  
8           *mined on the preceding June 1 and be equal to—*

9                   “(A) *the bond equivalent rate of 91-day*  
10                  *Treasury bills auctioned at the final auction held*  
11                  *prior to such June 1; plus*

12                   “(B) *2.3 percent,*  
13           *except that such rate shall not exceed 8.25 percent.*

14           “(2) *IN SCHOOL AND GRACE PERIOD RULES.*—  
15           *With respect to any loan under this part (other than*  
16           *a loan made pursuant to section 428B or 428C) for*  
17           *which the first disbursement is made on or after July*  
18           *1, 1998, the applicable rate of interest for interest*  
19           *which accrues—*

20                   “(A) *prior to the beginning of the repay-*  
21                  *ment period of the loan; or*

22                   “(B) *during the period in which principal*  
23                  *need not be paid (whether or not such principal*  
24                  *is in fact paid) by reason of a provision de-*  
25                  *scribed in section 428(b)(1)(M) or 427(a)(2)(C),*

1       *shall be determined under paragraph (1) by substitut-*  
2       *ing ‘1.7 percent’ for ‘2.3 percent’.*

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

7                   “(A) *by substituting ‘3.1 percent’ for ‘2.3*  
8                   *percent’; and*

9                   “(B) *by substituting ‘9.0 percent’ for ‘8.25*  
10                  *percent’.*

11       “(b) *LESSER RATES PERMITTED.*—*Nothing in this*  
12       *section or section 428C shall be construed to prohibit a lend-*  
13       *er from charging a borrower interest at a rate less than*  
14       *the rate which is applicable under this part.*

15       “(c) *CONSULTATION.*—*The Secretary shall determine*  
16       *the applicable rate of interest under this section after con-*  
17       *sultation with the Secretary of the Treasury and shall pub-*  
18       *lish such rate in the Federal Register as soon as practicable*  
19       *after the date of determination.”.*

20           (2)       *CONFORMING AMENDMENT.*—*Section*  
21       *428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by*  
22       *striking “section 427A(c)” and inserting “section*  
23       *427A(a)(3)”.*

24       (b) *SPECIAL ALLOWANCES.*—



1           (1) *AMENDMENT.—Section 438(b)(2)(F) (20*  
2           *U.S.C. 1087–1(b)(2)(F)) is amended to read as fol-*  
3           *lows:*

4           “(F) *LOANS DISBURSED AFTER JULY 1, 1998.—*

5           “(i) *IN GENERAL.—Subject to paragraph*  
6           *(4) and clauses (ii), (iii), and (iv) of this sub-*  
7           *paragraph, the special allowance paid pursuant*  
8           *to this subsection on loans for which the first dis-*  
9           *bursement is made on or after July 1, 1998,*  
10          *shall be computed—*

11           “(I) *by determining the average of the*  
12           *bond equivalent rates of 91-day Treasury*  
13           *bills auctioned for such 3-month period;*

14           “(II) *by subtracting the applicable in-*  
15           *terest rates on such loans from such average*  
16           *bond equivalent rate;*

17           “(III) *by adding 2.8 percent to the re-*  
18           *sultant percent; and*

19           “(IV) *by dividing the resultant percent*  
20           *by 4.*

21           “(ii) *IN SCHOOL AND GRACE PERIOD.—In*  
22           *the case of any loan for which the first disburse-*  
23           *ment is made on or after July 1, 1998, and for*  
24           *which the applicable rate of interest is described*  
25           *in section 427A(a)(2), clause (i)(III) of this sub-*

1 paragraph shall be applied by substituting ‘2.2  
2 percent’ for ‘2.8 percent’.

3 “(iii) *PLUS LOANS.*—*In the case of any*  
4 *loan for which the first disbursement is made on*  
5 *or after July 1, 1998, and for which the applica-*  
6 *ble rate of interest is described in section*  
7 *427A(a)(3), clause (i)(III) of this subparagraph*  
8 *shall be applied by substituting ‘3.1 percent’ for*  
9 *‘2.8 percent’, subject to clause (iv) of this sub-*  
10 *paragraph.*

11 “(iv) *LIMITATION ON SPECIAL ALLOWANCES*  
12 *FOR PLUS LOANS.*—*In the case of loans disbursed*  
13 *on or after July 1, 1998, for which the interest*  
14 *rate is determined under section 427A(a)(3), a*  
15 *special allowance shall not be paid for a loan*  
16 *made under section 428B unless the rate deter-*  
17 *mined for any 12-month period under section*  
18 *427A(a)(3) exceeds 9 percent.”.*

19 (2) *CONFORMING AMENDMENT.*—*Section*  
20 *438(b)(2)(C)(ii) is amended by striking “In the case”*  
21 *and inserting “Subject to subparagraph (F), in the*  
22 *case”.*

23 (c) *EFFECTIVE DATE.*—*The amendments made by this*  
24 *section shall apply with respect to any loan made, insured,*  
25 *or guaranteed under part B of title IV of the Higher Edu-*

1 *cation Act of 1965 for which the first disbursement is made*  
 2 *on or after July 1, 1998.*

3 **SEC. 425. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**  
 4 **TEREST COSTS.**

5 *(a) FEDERAL INTEREST SUBSIDIES.—Section 428(a)*  
 6 *(20 U.S.C. 1078(a)) is amended—*

7 *(1) in paragraph (2)—*

8 *(A) in subparagraph (A)—*

9 *(i) in clause (i), by striking subclauses*  
 10 *(I), (II), and (III) and inserting the follow-*  
 11 *ing:*

12 *“(I) sets forth the loan amount for*  
 13 *which the student shows financial need; and*

14 *“(II) sets forth a schedule for disburse-*  
 15 *ment of the proceeds of the loan in install-*  
 16 *ments, consistent with the requirements of*  
 17 *section 428G; and”;* and

18 *(ii) by amending clause (ii) to read as*  
 19 *follows:*

20 *“(ii) meets the requirements of subpara-*  
 21 *graph (B); and”;*

22 *(B) by amending subparagraph (B) to read*  
 23 *as follows:*

24 *“(B) For the purpose of clause (ii) of subpara-*  
 25 *graph (A), a student shall qualify for a portion of an*

1       *interest payment under paragraph (1) (and a loan*  
2       *amount pursuant to section 428H) if the eligible in-*  
3       *stitution has determined and documented the stu-*  
4       *dent's amount of need for a loan based on the stu-*  
5       *dent's estimated cost of attendance, estimated finan-*  
6       *cial assistance, and, for the purpose of an interest*  
7       *payment pursuant to this section, the expected family*  
8       *contribution (as determined under part F), subject to*  
9       *the provisions of subparagraph (D).”;*

10               *(C) by amending subparagraph (C) to read*

11               *as follows:*

12               *“(C) For the purpose of subparagraph (B) and*  
13       *this paragraph—*

14                       *“(i) a student's cost of attendance shall be*  
15                       *determined under section 472;*

16                       *“(ii) a student's estimated financial assist-*  
17                       *ance means, for the period for which the loan is*  
18                       *sought, the amount of assistance such student*  
19                       *will receive under subpart 1 of part A (as deter-*  
20                       *mined in accordance with section 484(b)), sub-*  
21                       *part 3 of part A, parts C and E, and any veter-*  
22                       *ans' education benefits paid because of enroll-*  
23                       *ment in a postsecondary education institution,*  
24                       *including veterans' education benefits (as defined*

1           in section 480(c)), plus other scholarship, grant,  
2           or loan assistance; and

3           “(iii) the determination of need and of the  
4           amount of a loan by an eligible institution  
5           under subparagraph (B) with respect to a stu-  
6           dent shall, with the exception of loans made  
7           under section 428H, be calculated in accordance  
8           with part F.”; and

9           (D) by striking subparagraph (F); and

10          (2) in paragraph (3)(A)(v)—

11           (A) in subclause (I), by inserting “by the  
12           institution” after “disbursement”; and

13           (B) in clause (II), by inserting “by the in-  
14           stitution” after “disbursement”.

15          (b) *INSURANCE PROGRAM AGREEMENTS.*—Section  
16          428(b) (20 U.S.C. 1078(b)) is amended—

17           (1) in paragraph (1)—

18           (A) in subparagraph (A)—

19           (i) in the matter preceding clause (i),  
20           by inserting “, as defined in section  
21           481(d)(2),” after “academic year”;

22           (ii) in clause (iv), by striking “and”  
23           after the semicolon;

24           (iii) in clause (v), by inserting “and”  
25           after the semicolon; and

1                   *(iv) by inserting before the matter fol-*  
2                   *lowing clause (v) the following:*

3                   *“(vi) in the case of a student enrolled*  
4                   *in coursework specified in sections*  
5                   *484(b)(3)(B) and 484(b)(4)(B)—*

6                   *“(I) \$2,625 for coursework nec-*  
7                   *essary for enrollment in an under-*  
8                   *graduate degree or certificate program,*  
9                   *and \$5,500 for coursework necessary*  
10                  *for enrollment in a graduate or profes-*  
11                  *sional degree or certification program;*  
12                  *and*

13                  *“(II) \$5,500 for coursework nec-*  
14                  *essary for a professional credential or*  
15                  *certification from a State required for*  
16                  *employment as a teacher in an elemen-*  
17                  *tary or secondary school;”;*

18                  *(B) by amending subparagraph (E) to read*  
19                  *as follows:*

20                  *“(E) subject to subparagraphs (D) and (L),*  
21                  *and except as provided by subparagraph (M),*  
22                  *provides that—*

23                  *“(i) not more than 6 months prior to*  
24                  *the date on which the borrower’s first pay-*  
25                  *ment is due, the lender shall offer the bor-*

1            *rower of a loan made, insured, or guaran-*  
2            *teed under this section or section 428H, the*  
3            *option of repaying the loan in accordance*  
4            *with a graduated, income-sensitive, or ex-*  
5            *tended repayment schedule (as described in*  
6            *paragraph (9)) established by the lender in*  
7            *accordance with regulations provided by the*  
8            *Secretary; and*

9            *“(ii) repayment of loans shall be in in-*  
10           *stallments in accordance with the repay-*  
11           *ment plan selected under paragraph (9) and*  
12           *commencing at the beginning of the repay-*  
13           *ment period determined under paragraph*  
14           *(7)”;*

15           *(C) in subparagraph (L)(i), by inserting*  
16           *“except as otherwise provided by a repayment*  
17           *plan selected by the borrower under clause (ii) or*  
18           *(iii) of paragraph (9)(A),” before “during any”;*  
19           *and*

20           *(D) in subparagraph (U)(iii)(I), by insert-*  
21           *ing “that originates or holds more than*  
22           *\$5,000,000 in loans made under this title for*  
23           *any fiscal year (except that each lender described*  
24           *in section 435(d)(1)(A)(ii)(III) shall annually*

1           *submit the results of an audit required by this*  
2           *clause),” before “at least once a year”; and*  
3           *(2) by adding at the end the following:*

4           “(9) *REPAYMENT PLANS.—*

5                   “(A) *DESIGN AND SELECTION.—In accord-*  
6           *ance with regulations promulgated by the Sec-*  
7           *retary, the lender shall offer a borrower of a loan*  
8           *made under this part the plans described in this*  
9           *subparagraph for repayment of such loan, in-*  
10          *cluding principal and interest thereon. Except as*  
11          *provided in paragraph (1)(L)(i), no plan may*  
12          *require a borrower to repay a loan in less than*  
13          *5 years. The borrower may choose from—*

14                   “(i) *a standard repayment plan, with*  
15                  *a fixed annual repayment amount paid*  
16                  *over a fixed period of time, not to exceed 10*  
17                  *years;*

18                   “(ii) *a graduated repayment plan paid*  
19                  *over a fixed period of time, not to exceed 10*  
20                  *years;*

21                   “(iii) *an income-sensitive repayment*  
22                  *plan, with income-sensitive repayment*  
23                  *amounts paid over a fixed period of time,*  
24                  *not to exceed 10 years, except that the bor-*



1           rower's scheduled payments shall not be less  
2           than the amount of interest due; and

3           “(iv) for first-time borrowers on or  
4           after the date of enactment of the *Higher*  
5           *Education Amendments of 1998* with out-  
6           standing loans under this part totaling  
7           more than \$30,000, an extended repayment  
8           plan, with a fixed annual or graduated re-  
9           payment amount paid over an extended pe-  
10          riod of time, not to exceed 25 years, except  
11          that the borrower shall repay annually a  
12          minimum amount determined in accord-  
13          ance with paragraph (2)(L).

14          “(B) *LENDER SELECTION OF OPTION IF*  
15          *BORROWER DOES NOT SELECT.*—If a borrower of  
16          a loan made under this part does not select a re-  
17          payment plan described in subparagraph (A),  
18          the lender shall provide the borrower with a re-  
19          payment plan described in subparagraph (A)(i).

20          “(C) *CHANGES IN SELECTION.*—The bor-  
21          rower of a loan made under this part may  
22          change the borrower's selection of a repayment  
23          plan under subparagraph (B), as the case may  
24          be, under such conditions as may be prescribed  
25          by the Secretary in regulation.

1           “(D) *ACCELERATION PERMITTED.*—Under  
2           any of the plans described in this paragraph, the  
3           borrower shall be entitled to accelerate, without  
4           penalty, repayment on the borrower’s loans  
5           under this part.”.

6           (c) *GUARANTY AGREEMENTS FOR REIMBURSING*  
7 *LOSSES.*—Section 428(c) (20 U.S.C. 1078(c)) is amended—  
8           (1) in paragraph (1)—

9                   (A) in the fourth sentence of subparagraph  
10                  (A), by striking “as reimbursement under this  
11                  subsection shall be equal to 98 percent” and in-  
12                  serting “as reimbursement for loans for which  
13                  the first disbursement is made on or after the  
14                  date of enactment of the Higher Education  
15                  Amendments of 1998 shall be equal to 95 per-  
16                  cent”;

17                  (B) in subparagraph (B)—

18                       (i) in clause (i), by striking “88 per-  
19                       cent of the amount of such excess” and in-  
20                       serting “85 percent of the amount of such  
21                       excess for loans for which the first disburse-  
22                       ment is made on or after the date of enact-  
23                       ment of the Higher Education Amendments  
24                       of 1998”; and

1           (ii) in clause (ii), by striking “78 per-  
2           cent of the amount of such excess” and in-  
3           serting “75 percent of the amount of such  
4           excess for loans for which the first disburse-  
5           ment is made on or after the date of enact-  
6           ment of the Higher Education Amendments  
7           of 1998”;

8           (C) in subparagraph (E)—

9           (i) in clause (i), by striking “98 per-  
10          cent” and inserting “95 percent”;

11          (ii) in clause (ii), by striking “88 per-  
12          cent” and inserting “85 percent”; and

13          (iii) in clause (iii), by striking “78  
14          percent” and inserting “75 percent”; and

15          (D) in subparagraph (F)—

16          (i) in clause (i), by striking “98 per-  
17          cent” and inserting “95 percent”; and

18          (ii) in clause (ii), by striking “88 per-  
19          cent” and inserting “85 percent”;

20       (2) in paragraph (3)—

21           (A) in subparagraph (A)(i), by inserting  
22           “or electronic” after “written”;

23           (B) in subparagraph (B), by striking “and”  
24           after the semicolon;

1           (C) in subparagraph (C), by striking the  
2           period and inserting “; and”; and

3           (D) by inserting before the matter following  
4           subparagraph (C) the following:

5           “(D) shall contain provisions that specify  
6           that forbearance for a period not to exceed 60  
7           days may be granted if the lender determines  
8           that such a suspension of collection activity is  
9           warranted following a borrower’s request for for-  
10          bearance in order to collect or process appro-  
11          priate supporting documentation related to the  
12          request, and that during such period interest  
13          shall not be capitalized.”;

14          (3) by amending paragraph (6) to read as fol-  
15          lows:

16          “(6) *SECRETARY’S EQUITABLE SHARE.*—For the  
17          purpose of paragraph (2)(D), the Secretary’s equitable  
18          share of payments made by the borrower shall be that  
19          portion of the payments remaining after the guaranty  
20          agency with which the Secretary has an agreement  
21          under this subsection has deducted from such pay-  
22          ments—

23                  “(A) a percentage amount equal to the com-  
24          plement of the reinsurance percentage in effect

1           *when payment under the guaranty agreement*  
2           *was made with respect to the loan; and*

3           *“(B) an amount equal to 24 percent of such*  
4           *payments for use in accordance with section*  
5           *422B.”;*

6           *(4) in paragraph (8)—*

7           *(A) by striking “(A) If” and inserting “If”;*  
8           *and*

9           *(B) by striking subparagraph (B); and*

10          *(5) in paragraph (9)—*

11          *(A) in subparagraph (A), by striking*  
12          *“maintain a current minimum reserve level of at*  
13          *least .5 percent” and inserting “maintain in the*  
14          *agency’s Federal Student Loan Reserve Fund es-*  
15          *tablished under section 422A a current mini-*  
16          *imum reserve level of at least 0.25 percent”;*

17          *(B) in subparagraph (C)—*

18            *(i) by striking “80 percent” and in-*  
19            *serting “78 percent”;*

20            *(ii) by striking “, as appropriate,”;*  
21            *and*

22            *(iii) by striking “30 working” and in-*  
23            *serting “45 working”;*

24          *(C) in subparagraph (E)—*

1           (i) in clause (iv), by inserting “or”  
2           after the semicolon;

3           (ii) in clause (v), by striking “; or”  
4           and inserting a period; and

5           (iii) by striking clause (vi);

6           (D) in subparagraph (F), by amending  
7           clause (vii) to read as follows:

8           “(vii) take any other action the Secretary  
9           determines necessary to avoid disruption of the  
10          student loan program, to ensure the continued  
11          availability of loans made under this part to  
12          residents of each State in which the guaranty  
13          agency did business, to ensure the full honoring  
14          of all guarantees issued by the guaranty agency  
15          prior to the Secretary’s assumption of the func-  
16          tions of such agency, and to ensure the proper  
17          servicing of loans guaranteed by the guaranty  
18          agency prior to the Secretary’s assumption of the  
19          functions of such agency.”; and

20          (E) in subparagraph (K), by striking “and  
21          the progress of the transition from the loan pro-  
22          grams under this part to the direct student loan  
23          programs under part D of this title”.

24          (d) *PAYMENT FOR LENDER REFERRAL SERVICES.*—  
25          Subsection (e) of section 428 (20 U.S.C. 1078) is repealed.

1       (e) *PAYMENT OF CERTAIN COSTS.*—Subsection (f) of  
2 section 428 (20 U.S.C. 1078) is amended to read as follows:

3       “(f) *PAYMENTS OF CERTAIN COSTS.*—

4             “(1) *PAYMENT FOR CERTAIN ACTIVITIES.*—

5                     “(A) *IN GENERAL.*—The Secretary, for  
6 loans originated on or after October 1, 1998, and  
7 in accordance with the provisions of this para-  
8 graph, shall pay to each guaranty agency, a loan  
9 processing and issuance fee equal to 0.65 percent  
10 of the total principal amount of the loans on  
11 which insurance was issued under this part dur-  
12 ing such fiscal year by such agency.

13                     “(B) *PAYMENT.*—The payment required by  
14 subparagraph (A) shall be paid on a quarterly  
15 basis. The guaranty agency shall be deemed to  
16 have a contractual right against the United  
17 States to receive payments according to the pro-  
18 visions of this subparagraph. Payments shall be  
19 made promptly and without administrative  
20 delay to any guaranty agency submitting an ac-  
21 curate and complete application therefore under  
22 this subparagraph.”.

23       (f) *LENDERS-OF-LAST-RESORT.*—Paragraph (3) of  
24 section 428(j) (20 U.S.C. 1078(j)) is amended—

1           (1) *in the paragraph heading, by striking “DURING TRANSITION TO DIRECT LENDING”;* and

2  
3           (2) *in subparagraph (A), by striking “during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title”;*

4  
5  
6  
7           (g) *DEFAULT AVERSION ASSISTANCE.—Subsection (l) of section 428 (20 U.S.C. 1078) is amended to read as follows:*

8  
9  
10          “(l) *DEFAULT AVERSION ASSISTANCE.—*

11           “(1) *ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender not earlier than the 60th nor later than the 90th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.*

12  
13  
14  
15  
16  
17  
18           “(2) *DEFAULT PREVENTION FEE REQUIRED.—*

19           “(A) *IN GENERAL.—A guaranty agency, in accordance with the provisions of this paragraph, may transfer from the Federal Student Loan Reserve Fund to the Agency Operating Fund a default prevention fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency*



1           *successfully brings into current repayment status*  
2           *on or before the 210th day after the loan becomes*  
3           *60 days delinquent.*

4           “(B) *AMOUNT.—The default prevention fee*  
5           *shall be equal to 1 percent of the total unpaid*  
6           *principal and accrued interest on the loan cal-*  
7           *culated at the time the request is submitted by*  
8           *the lender. Such fee shall not be paid more than*  
9           *once on any loan for which the guaranty agency*  
10           *averts the default unless the borrower remained*  
11           *current in payments for at least 24 months prior*  
12           *to the subsequent delinquency. A guaranty agen-*  
13           *cy may transfer such fees earned under this sub-*  
14           *section not more frequently than monthly.*

15           “(C) *DEFINITION OF CURRENT REPAYMENT*  
16           *STATUS.—For the purpose of this paragraph, the*  
17           *term ‘current repayment status’ means that the*  
18           *borrower is not delinquent, in any respect, in the*  
19           *payment of principal and interest on the loan at*  
20           *the time the guaranty agency qualifies for the de-*  
21           *fault prevention fee.”.*

22           “(h) *STATE SHARE OF DEFAULT COSTS.—Subsection*  
23           *(n) of section 428 (20 U.S.C. 1078) is repealed.*

1 **SEC. 426. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUAR-**  
 2 **ANTY AGENCIES.**

3 *Part B of title IV (20 U.S.C. 1071 et seq.) is amended*  
 4 *by inserting after section 428 (20 U.S.C. 1078) the follow-*  
 5 *ing:*

6 **“SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH**  
 7 **GUARANTY AGENCIES.**

8 *“(a) VOLUNTARY AGREEMENTS.—*

9 *“(1) AUTHORITY.—The Secretary may enter into*  
 10 *a voluntary, flexible agreement, subject to paragraph*  
 11 *(2), with guaranty agencies under this section, in lieu*  
 12 *of agreements with a guaranty agency under sub-*  
 13 *sections (b) and (c) of section 428. The Secretary may*  
 14 *waive or modify any requirement under such sub-*  
 15 *sections, except that the Secretary may not waive any*  
 16 *statutory requirement pertaining to the terms and*  
 17 *conditions attached to student loans, default claim*  
 18 *payments made to lenders, or the prohibitions on in-*  
 19 *ducements contained in section 428(b)(3).*

20 *“(2) ELIGIBILITY.—During fiscal years 1999,*  
 21 *2000, and 2001, the Secretary may enter into a vol-*  
 22 *untary, flexible agreement with not more than 6 guar-*  
 23 *anty agencies that had 1 or more agreements with the*  
 24 *Secretary under subsections (b) and (c) of section 428*  
 25 *as of the day before the date of enactment of the High-*  
 26 *er Education Amendments of 1998. Beginning in fis-*

1        *cal year 2002, any guaranty agency or consortium*  
2        *thereof may enter into a similar agreement with the*  
3        *Secretary.*

4            *“(3) REPORT REQUIRED.—Not later than Sep-*  
5        *tember 30, 2001, the Secretary shall report to the*  
6        *Committee on Labor and Human Resources of the*  
7        *Senate and the Committee on Education and the*  
8        *Workforce of the House of Representatives regarding*  
9        *the impact that the voluntary flexible agreements have*  
10       *had upon program integrity, program and cost effi-*  
11       *ciencies, and the availability and delivery of student*  
12       *financial aid. Such report shall include—*

13            *“(A) a description of each voluntary flexible*  
14        *agreement and the performance goals established*  
15        *by the Secretary for each agreement;*

16            *“(B) a list of participating guaranty agen-*  
17        *cies and the specific statutory or regulatory*  
18        *waivers provided to each guaranty agency;*

19            *“(C) a description of the standards by*  
20        *which each agency’s performance under the agen-*  
21        *cy’s voluntary flexible agreement was assessed*  
22        *and the degree to which each agency achieved the*  
23        *performance standards; and*

1           “(D) an analysis of the fees paid by the  
2           Secretary, and the costs and efficiencies achieved  
3           under each voluntary agreement.

4           “(b) *TERMS OF AGREEMENT.*—An agreement between  
5 the Secretary and a guaranty agency under this section—

6           “(1) shall be developed by the Secretary, in con-  
7 sultation with the guaranty agency, on a case-by case  
8 basis;

9           “(2) may be secured by the parties;

10          “(3) may include provisions—

11           “(A) specifying the responsibilities of the  
12 guaranty agency under the agreement, such as—

13           “(i) administering the issuance of in-  
14 surance on loans made under this part on  
15 behalf of the Secretary;

16           “(ii) monitoring insurance commit-  
17 ments made under this part;

18           “(iii) default aversion activities;

19           “(iv) review of default claims made by  
20 lenders;

21           “(v) payment of default claims;

22           “(vi) collection of defaulted loans;

23           “(vii) adoption of internal systems of  
24 accounting and auditing that are acceptable  
25 to the Secretary, and reporting the result

1           *thereof to the Secretary in a timely manner,*  
2           *and on an accurate, and auditable basis;*

3           “(viii) *timely and accurate collection*  
4           *and reporting of such other data as the Sec-*  
5           *retary may require to carry out the pur-*  
6           *poses of the programs under this title;*

7           “(ix) *monitoring of institutions and*  
8           *lenders participating in the program under*  
9           *this part;*

10          “(x) *the performance of other program*  
11          *functions by the guaranty agency or the*  
12          *agency’s affiliates; and*

13          “(xi) *informational outreach to schools*  
14          *and students in support of access to higher*  
15          *education;*

16          “(B) *regarding the fees the Secretary shall*  
17          *pay, in lieu of revenues that the guaranty agen-*  
18          *cy may otherwise receive under this part, to the*  
19          *guaranty agency under the agreement, and other*  
20          *funds that the guaranty agency may receive or*  
21          *retain under the agreement, except that in no*  
22          *case may the cost to the Secretary of the agree-*  
23          *ment, as reasonably projected by the Secretary,*  
24          *exceed the cost to the Secretary, as similarly pro-*  
25          *jected, in the absence of the agreement;*

1           “(C) regarding the use of net revenues, as  
2 described in the agreement under this section, for  
3 such other activities in support of postsecondary  
4 education as may be agreed to by the Secretary  
5 and the guaranty agency;

6           “(D) regarding the standards by which the  
7 guaranty agency’s performance of the agency’s  
8 responsibilities under the agreement will be as-  
9 sessed, and the consequences for a guaranty  
10 agency’s failure to achieve a specified level of  
11 performance on one or more performance stand-  
12 ards;

13           “(E) regarding the circumstances in which  
14 a guaranty agency’s agreement under this sec-  
15 tion may be ended in advance of the agreement’s  
16 expiration date;

17           “(F) regarding such other businesses, pre-  
18 viously purchased or developed with reserve  
19 funds, that relate to the program under this part  
20 and in which the Secretary permits the guaranty  
21 agency to engage; and

22           “(G) such other provisions as the Secretary  
23 may determine to be necessary to protect the  
24 United States from the risk of unreasonable loss  
25 and to promote the purposes of this part; and

1           “(4) shall provide for uniform lender participa-  
2           tion with the guaranty agency under the terms of the  
3           agreement.

4           “(c) *TERMINATION*.—At the expiration or early termi-  
5           nation of an agreement under this section, the Secretary  
6           shall reinstate the guaranty agency’s prior agreements  
7           under subsections (b) and (c) of section 428, subject only  
8           to such additional requirements as the Secretary determines  
9           to be necessary in order to ensure the efficient transfer of  
10          responsibilities between the agreement under this section  
11          and the agreements under subsections (b) and (c) of section  
12          428, and including the guaranty agency’s compliance with  
13          reserve requirements under sections 422 and 428.”.

14       **SEC. 427. FEDERAL PLUS LOANS.**

15          Section 428B (20 U.S.C. 1078–2) is amended—

16               (1) by amending subsection (a) to read as fol-  
17          lows:

18               “(a) *AUTHORITY TO BORROW*.—

19                       “(1) *AUTHORITY AND ELIGIBILITY*.—Parents of a  
20                       dependent student shall be eligible to borrow funds  
21                       under this section in amounts specified in subsection  
22                       (b), if—

23                               “(A) the parents do not have an adverse  
24                               credit history as determined pursuant to regula-  
25                               tions promulgated by the Secretary; and

1           “(B) the parents meet such other eligibility  
2           criteria as the Secretary may establish by regu-  
3           lation, after consultation with guaranty agen-  
4           cies, eligible lenders, and other organizations in-  
5           volved in student financial assistance.

6           “(2) *TERMS, CONDITIONS, AND BENEFITS.*—*Ex-*  
7           *cept as provided in subsections (c), (d), and (e), loans*  
8           *made under this section shall have the same terms,*  
9           *conditions, and benefits as all other loans made under*  
10          *this part.*

11          “(3) *SPECIAL RULE.*—*Whenever necessary to*  
12          *carry out the provisions of this section, the terms*  
13          *“student” and “borrower” as used in this part shall*  
14          *include a parent borrower under this section.”; and*

15                 (2) *by adding at the end the following:*

16          “(f) *VERIFICATION OF IMMIGRATION STATUS AND SO-*  
17          *CIAL SECURITY NUMBER.*—*A parent who wishes to borrow*  
18          *funds under this section shall be subject to verification of*  
19          *the parent’s—*

20                 “(1) *immigration status in the same manner as*  
21                 *immigration status is verified for students under sec-*  
22                 *tion 484(g); and*

23                 “(2) *social security number in the same manner*  
24                 *as social security numbers are verified for students*  
25                 *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 term*  
6 *‘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 re-*  
14 *payment; 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” after*  
21 *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 insert-  
9                   ing “with respect to loans”; and

10                   (ii) by inserting “that” before “may be  
11                   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 the  
17           final period of enrollment, that is less than an aca-  
18           demic year, in a student’s baccalaureate program of  
19           study, at an institution with a cohort default rate (as  
20           calculated under section 435(m)) that is 5 percent or  
21           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 default

1       rate (as calculated under section 435(m)) of less than  
2       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 in*  
15 *regulations promulgated by the Secretary) shall be entitled*  
16 *to borrow an unsubsidized Stafford loan if the eligible insti-*  
17 *tution at which the student has been accepted for enroll-*  
18 *ment, 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 cost*  
21 *of attendance (as determined under section 472) and*  
22 *the student’s estimated financial assistance, including*  
23 *a loan which qualifies for interest subsidy payments*  
24 *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 eli-  
4 gible, in accordance with subsection (c); and

5           “(B) setting forth a schedule for disburse-  
6 ment of the proceeds of the loan in installments,  
7 consistent with the requirements of section  
8 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) and  
25 484(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 amount  
13          shall not include interest capitalized from an in-  
14          school period.”; and

15          (3) in subsection (e)(6), by striking “10 year re-  
16          payment period under section 428(b)(1)(D)” and in-  
17          serting “repayment period under section 428(b)(9)”.

18 **SEC. 432. LOAN FORGIVENESS FOR TEACHERS.**

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

21 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.**

22          “(a) *STATEMENT OF PURPOSE.*—It is the purpose of  
23 this section to encourage individuals to enter and continue  
24 in the teaching profession.

1       “(b) *PROGRAM AUTHORIZED.*—*The Secretary is au-*  
2 *thorized to carry out a program, through the holder of the*  
3 *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 the*  
6 *Higher Education Amendments of 1998, who—*

7               “(1) *has been employed as a full-time teacher for*  
8 *3 consecutive complete school years—*

9                       “(A) *in a school that qualifies under section*  
10 *465(a)(2)(A) for loan cancellation for Perkins*  
11 *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 ele-*  
23 *mentary school in which the borrower is em-*  
24 *ployed, knowledge and teaching skills in reading,*

1           *writing, mathematics and other areas of the ele-*  
2           *mentary 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 the*  
7           *provisions of this section.*

8           “(d) *LOAN REPAYMENT DURING CONTINUING TEACH-*  
9           *ING SERVICE.—*

10           “(1) *IN GENERAL.—The Secretary shall assume*  
11           *the obligation to repay through reimbursement to the*  
12           *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 avail-  
6           able before May 1 of any year, the Secretary may use the  
7           list for the year preceding the year for which the determina-  
8           tion is made to make such service determination.

9           “(f) *CONTINUED ELIGIBILITY.*—Any teacher who per-  
10          forms 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 teach  
15                  in such school and shall be eligible for loan forgiveness  
16                  pursuant to subsection (b).”.

17 **SEC. 433. LOAN FORGIVENESS FOR CHILD CARE PROVID-**  
18 **ERS.**

19          Part B (20 U.S.C. 1071 et seq.) is amended by insert-  
20          ing after section 428J (as added by section 432) (20 U.S.C.  
21          1078–10) the following:

22 **“SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVID-**  
23 **ERS.**

24          “(a) *PURPOSE.*—It is the purpose of this section—



1           “(1) to bring more highly trained individuals  
2 into the early child care profession; and

3           “(2) to keep more highly trained child care pro-  
4 viders in the early child care field for longer periods  
5 of time.

6           “(b) *DEFINITIONS.*—*In this section:*

7           “(1) *CHILD CARE FACILITY.*—*The term ‘child*  
8 *care facility’ means a facility, including a home,*  
9 *that—*

10                   “(A) *provides child care services; and*

11                   “(B) *meets applicable State or local govern-*  
12 *ment licensing, certification, approval, or reg-*  
13 *istration requirements, if any.*

14           “(2) *CHILD CARE SERVICES.*—*The term ‘child*  
15 *care services’ means activities and services provided*  
16 *for the education and care of children from birth*  
17 *through age 5 by an individual who has a degree in*  
18 *early childhood education.*

19           “(3) *DEGREE.*—*The term ‘degree’ means an as-*  
20 *sociate’s or bachelor’s degree awarded by an institu-*  
21 *tion of higher education.*

22           “(4) *EARLY CHILDHOOD EDUCATION.*—*The term*  
23 *‘early childhood education’ means education in the*  
24 *areas of early child education, child care, or any*

1        *other educational area related to child care that the*  
2        *Secretary determines appropriate.*

3            “(5) *INSTITUTION OF HIGHER EDUCATION.—The*  
4        *term ‘institution of higher education’ has the meaning*  
5        *given the term in section 101.*

6            “(c) *DEMONSTRATION PROGRAM.—*

7            “(1) *IN GENERAL.—The Secretary may carry out*  
8        *a demonstration program of assuming the obligation*  
9        *to repay, pursuant to subsection (d), a loan made, in-*  
10       *sured or guaranteed under this part or part D (ex-*  
11       *cluding loans made under sections 428B and 428C)*  
12       *for any new borrower after the date of enactment of*  
13       *the Higher Education Amendments of 1998, who—*

14            “(A) *completes a degree in early childhood*  
15        *education;*

16            “(B) *obtains employment in a child care fa-*  
17        *cility; and*

18            “(C) *is working full-time and is earning an*  
19        *amount which does not exceed the greater of an*  
20        *amount equal to 100 percent of the poverty line*  
21        *for a family of 2 as determined in accordance*  
22        *with section 673(2) of the Community Services*  
23        *Block Grant Act.*

24            “(2) *AWARD BASIS; PRIORITY.—*

1           “(A) *AWARD BASIS.*—Subject to subpara-  
2           graph (B), loan repayment under this section  
3           shall be on a first-come, first-served basis and  
4           subject to the availability of appropriations.

5           “(B) *PRIORITY.*—The Secretary shall give  
6           priority in providing loan repayment under this  
7           section for a fiscal year to student borrowers who  
8           received loan repayment under this section for  
9           the preceding fiscal year.

10          “(3) *REGULATIONS.*—The Secretary is author-  
11          ized to prescribe such regulations as may be necessary  
12          to carry out the provisions of this section.

13          “(d) *LOAN REPAYMENT.*—

14                 “(1) *IN GENERAL.*—The Secretary shall assume  
15                 the obligation to repay—

16                         “(A) after the second year of employment  
17                         described in subparagraphs (B) and (C) of sub-  
18                         section (c)(1), 20 percent of the total amount of  
19                         all loans made after date of enactment of the  
20                         Higher Education Amendments of 1998, to a  
21                         student under this part or part D;

22                         “(B) after the third year of such employ-  
23                         ment, 20 percent of the total amount of all such  
24                         loans; and

1           “(C) after each of the fourth and fifth years  
2           of such employment, 30 percent of the total  
3           amount of all such loans.

4           “(2) CONSTRUCTION.—Nothing in this section  
5           shall be construed to authorize the refunding of any  
6           repayment of a loan made under this part or part D.

7           “(3) INTEREST.—If a portion of a loan is repaid  
8           by the Secretary under this section for any year, the  
9           proportionate amount of interest on such loan which  
10          accrues for such year shall be repaid by the Secretary.

11          “(4) SPECIAL RULE.—In the case where a stu-  
12          dent borrower who is not participating in loan repay-  
13          ment pursuant to this section returns to an institu-  
14          tion of higher education after graduation from an in-  
15          stitution of higher education for the purpose of ob-  
16          taining a degree in early childhood education, the  
17          Secretary is authorized to assume the obligation to  
18          repay the total amount of loans made under this part  
19          or part D incurred for a maximum of two academic  
20          years in returning to an institution of higher edu-  
21          cation for the purpose of obtaining a degree in early  
22          childhood education. Such loans shall only be repaid  
23          for borrowers who qualify for loan repayment pursu-  
24          ant to the provisions of this section, and shall be re-

1       *paid in accordance with the provisions of paragraph*  
2       *(1).*

3           “(5) *INELIGIBILITY OF NATIONAL SERVICE*  
4       *AWARD RECIPIENTS.—No student borrower may, for*  
5       *the same volunteer service, receive a benefit under*  
6       *both this section and subtitle D of title I of the Na-*  
7       *tional and Community Service Act of 1990 (42*  
8       *U.S.C. 12601 et seq.).*

9           “(e) *REPAYMENT TO ELIGIBLE LENDERS.—The Sec-*  
10       *retary shall pay to each eligible lender or holder for each*  
11       *fiscal year an amount equal to the aggregate amount of*  
12       *loans which are subject to repayment pursuant to this sec-*  
13       *tion for such year.*

14          “(f) *APPLICATION FOR REPAYMENT.—*

15               “(1) *IN GENERAL.—Each eligible individual de-*  
16       *siring loan repayment under this section shall submit*  
17       *a complete and accurate application to the Secretary*  
18       *at such time, in such manner, and containing such*  
19       *information as the Secretary may require.*

20               “(2) *CONDITIONS.—An eligible individual may*  
21       *apply for loan repayment under this section after*  
22       *completing each year of qualifying employment. The*  
23       *borrower shall receive forbearance while engaged in*  
24       *qualifying employment unless the borrower is in*  
25       *deferment while so engaged.*

1       “(g) *EVALUATION.*—

2               “(1) *IN GENERAL.*—*The Secretary shall conduct,*  
3 *by grant or contract, an independent national evalua-*  
4 *tion of the impact of the demonstration program as-*  
5 *sisted under this section on the field of early child-*  
6 *hood education.*

7               “(2) *COMPETITIVE BASIS.*—*The grant or con-*  
8 *tract described in subsection (b) shall be awarded on*  
9 *a competitive basis.*

10              “(3) *CONTENTS.*—*The evaluation described in*  
11 *this subsection shall—*

12                      “(A) *determine the number of individuals*  
13 *who were encouraged by the demonstration pro-*  
14 *gram assisted under this section to pursue early*  
15 *childhood education;*

16                      “(B) *determine the number of individuals*  
17 *who remain employed in a child care facility as*  
18 *a result of participation in the program;*

19                      “(C) *identify the barriers to the effectiveness*  
20 *of the program;*

21                      “(D) *assess the cost-effectiveness of the pro-*  
22 *gram in improving the quality of—*

23                                      “(i) *early childhood education; and*

24                                      “(ii) *child care services;*

1           “(E) identify the reasons why participants  
2           in the program have chosen to take part in the  
3           program;

4           “(F) identify the number of individuals  
5           participating in the program who received an  
6           associate’s degree and the number of such indi-  
7           viduals who received a bachelor’s degree; and

8           “(G) identify the number of years each in-  
9           dividual participates in the program.

10          “(4) *INTERIM AND FINAL EVALUATION RE-*  
11          *PORTS.—The Secretary shall prepare and submit to*  
12          *the President and the Congress such interim reports*  
13          *regarding the evaluation described in this subsection*  
14          *as the Secretary deems appropriate, and shall prepare*  
15          *and so submit a final report regarding the evaluation*  
16          *by January 1, 2002.*

17          “(h) *AUTHORIZATION OF APPROPRIATIONS.—There*  
18          *are authorized to be appropriated to carry out this section*  
19          *\$10,000,000 for fiscal year 1999, and such sums as may*  
20          *be necessary for each of the 4 succeeding fiscal years.”.*

21          **SEC. 434. COMMON FORMS AND FORMATS.**

22          *Section 432 (20 U.S.C. 1082) is amended—*

23                 *(1) in subsection (m)(1)—*

24                         *(A) in subparagraph (A), by striking “a*  
25                         *common application form and promissory note”*

1           and inserting “common application forms and  
2           promissory notes, or multiyear promissory  
3           notes,”;

4                   (B) by striking subparagraph (C);

5                   (C) by redesignating subparagraph (D) as  
6           subparagraph (C); and

7                   (D) in subparagraph (C) (as redesignated  
8           by subparagraph (C))—

9                           (i) by inserting “, application and  
10                           other” after “electronic”; and

11                           (ii) by adding at the end the following:  
12                           “Guaranty agencies, borrowers, and lenders  
13                           may use electronically printed versions of  
14                           common forms approved for use by the Sec-  
15                           retary.”; and

16                   (2) in subsection (p), by striking “State post-  
17           secondary reviewing entities designated under subpart  
18           1 of part H,”.

19 **SEC. 435. STUDENT LOAN INFORMATION BY ELIGIBLE**  
20 **LENDERS.**

21           Section 433 (20 U.S.C. 1083) is amended—

22                   (1) in subsection (a), by amending the matter  
23           preceding paragraph (1) to read as follows:

24                   “(a) **REQUIRED DISCLOSURE BEFORE DISBURSE-**  
25 **MENT.**—Each eligible lender shall, at or prior to the time



1 *such lender disburses a loan that is insured or guaranteed*  
 2 *under this part (other than a loan made under section*  
 3 *428C), provide thorough and accurate loan information on*  
 4 *such loan to the borrower. Any disclosure required by this*  
 5 *subsection may be made by an eligible lender by written*  
 6 *or electronic means, including as part of the application*  
 7 *material provided to the borrower, as part of the promissory*  
 8 *note evidencing the loan, or on a separate written form pro-*  
 9 *vided to the borrower. Each lender shall provide a telephone*  
 10 *number, and may provide an electronic address, to each*  
 11 *borrower through which additional loan information can*  
 12 *be obtained. The disclosure shall include—”; and*

13           (2) *in subsection (b), by amending the matter*  
 14 *preceding paragraph (1) to read as follows:*

15           “(b) *REQUIRED DISCLOSURE BEFORE REPAYMENT.—*  
 16 *Each eligible lender shall, at or prior to the start of the*  
 17 *repayment period of the student borrower on loans made,*  
 18 *insured, or guaranteed under this part, disclose to the bor-*  
 19 *rower by written or electronic means the information re-*  
 20 *quired under this subsection. Each eligible lender shall pro-*  
 21 *vide a telephone number, and may provide an electronic*  
 22 *address, to each borrower through which additional loan in-*  
 23 *formation can be obtained. For any loan made, insured,*  
 24 *or guaranteed under this part, other than a loan made*  
 25 *under section 428B or 428C, such disclosure required by*

1 *this subsection shall be made not less than 30 days nor more*  
2 *than 240 days before the first payment on the loan is due*  
3 *from the borrower. The disclosure shall include—”.*

4 **SEC. 436. DEFINITIONS.**

5 (a) *ELIGIBLE INSTITUTION.*—Section 435(a) (20  
6 *U.S.C. 1085(a)) is amended—*

7 (1) *in paragraph (2)—*

8 (A) *by adding after the matter following*  
9 *subparagraph (A)(i) the following:*

10 *“If an institution continues to participate in a pro-*  
11 *gram under this part, and the institution’s appeal of*  
12 *the loss of eligibility is unsuccessful, the institution*  
13 *shall be required to pay to the Secretary an amount*  
14 *equal to the amount of interest, special allowance, re-*  
15 *insurance, and any related payments made by the*  
16 *Secretary (or which the Secretary is obligated to*  
17 *make) with respect to loans made under this part to*  
18 *students attending, or planning to attend, that insti-*  
19 *tution during the pendency of such appeal. In order*  
20 *to continue to participate during an appeal under*  
21 *this paragraph, the institution shall provide a letter*  
22 *of credit in favor of the Secretary or other third-party*  
23 *financial guarantees satisfactory to the Secretary in*  
24 *an amount determined by the Secretary to be suffi-*

1        *cient to satisfy the institution’s potential liability on*  
2        *such loans under the preceding sentence.”; and*

3                *(B) by amending subparagraph (C) to read*  
4        *as follows:*

5                *“(C)(i) This paragraph shall not apply to any*  
6        *institution described in clause (ii), and any such in-*  
7        *stitution that exceeds the threshold percentage in sub-*  
8        *paragraph (A)(ii) for 2 consecutive years shall submit*  
9        *to the Secretary a default management plan satisfac-*  
10        *tory to the Secretary and containing criteria de-*  
11        *signed, in accordance with the regulations of the Sec-*  
12        *retary, to demonstrate continuous improvement by the*  
13        *institution in the institution’s cohort default rate. If*  
14        *the institution fails to submit the required plan, or to*  
15        *satisfy the criteria in the plan, the institution shall*  
16        *be subject to a loss of eligibility in accordance with*  
17        *this paragraph, except as the Secretary may otherwise*  
18        *specify in regulations.*

19                *“(ii) An institution referred to in clause (i) is—*

20                        *“(I) a part B institution within the mean-*  
21        *ing of section 322(2);*

22                        *“(II) a Tribally Controlled College or Uni-*  
23        *versity within the meaning of section 2(a)(4) of*  
24        *the Tribally Controlled College or University As-*  
25        *sistance Act of 1978; or*

1           “(III) a Navajo Community College under  
2           the Navajo Community College Act.”;

3           (2) in the matter following subparagraph (C)—

4           (A) by inserting “for a reasonable period of  
5           time, not to exceed 30 days,” after “access”; and

6           (B) by striking “of the affected guaranty  
7           agencies and loan servicers for a reasonable pe-  
8           riod of time, not to exceed 30 days” and insert-  
9           ing “used by a guaranty agency in determining  
10          whether to pay a claim on a defaulted loan”;

11          and

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

13          “(4) PARTICIPATION RATE INDEX.—

14               “(A) IN GENERAL.—An institution that  
15               demonstrates to the Secretary that the institu-  
16               tion’s participation rate index is equal to or less  
17               than 0.0375 for any of the 3 applicable partici-  
18               pation rate indices shall not be subject to para-  
19               graph (2). The participation rate index shall be  
20               determined by multiplying the institution’s co-  
21               hort default rate for loans under part B or D,  
22               or weighted average cohort default rate for loans  
23               under parts B and D, by the percentage of the  
24               institution’s regular students, enrolled on at least  
25               a half-time basis, who received a loan made

1           under part B or D for a 12-month period ending  
2           during the 6 months immediately preceding the  
3           fiscal year for which the cohort of borrowers used  
4           to calculate the institution's cohort default rate  
5           is determined.

6           “(B) DATA.—An institution shall provide  
7           the Secretary with sufficient data to determine  
8           the institution's participation rate index within  
9           30 days after receiving an initial notification of  
10          the institution's draft cohort default rate.

11          “(C) NOTIFICATION.—Prior to publication  
12          of a final cohort default rate for an institution  
13          that provides the data described in subparagraph  
14          (B), the Secretary shall notify the institution of  
15          the institution's compliance or noncompliance  
16          with subparagraph (A).”.

17          (b) ELIGIBLE LENDER.—Section 435(d)(1)(A)(ii) (20  
18 U.S.C. 1085(d)(1)(A)(ii) is amended—

19           (1) by striking “or” after “1992,”; and

20           (2) by inserting before the semicolon the follow-  
21          ing: “, or (III) it is a bank (as defined in section  
22          3(a)(1) of the Federal Deposit Insurance Act (12  
23          U.S.C. 1813(a)(1)) that is a wholly owned subsidiary  
24          of a nonprofit foundation, the foundation is described  
25          in section 501(c)(3) of the Internal Revenue Code of

1       1986 and exempt from taxation under section 501(1)  
2       of such Code, and the bank makes loans under this  
3       part only to undergraduate students who are age 22  
4       or younger and has a portfolio of such loans that is  
5       not more than \$5,000,000”.

6       (c) *COHORT DEFAULT RATE.*—Section 435(m)(1)(B)  
7       (20 U.S.C. 1085(m)(1)(B)) is amended by striking “insur-  
8       ance, and, in considering appeals with respect to cohort de-  
9       fault rates pursuant to subsection (a)(3), exclude” and in-  
10      serting “insurance. In considering appeals with respect to  
11      cohort default rates pursuant to subsection (a)(3), the Sec-  
12      retary shall exclude, from the calculation of the number of  
13      students who entered repayment and from the calculation  
14      of the number of students who default,”.

15      **SEC. 437. DELEGATION OF FUNCTIONS.**

16      Section 436 (20 U.S.C. 1086) is amended to read as  
17      follows:

18      **“SEC. 436. DELEGATION OF FUNCTIONS.**

19      “(a) *IN GENERAL.*—An eligible lender or guaranty  
20      agency that contracts with another entity to perform any  
21      of the lender’s or agency’s functions under this title, or oth-  
22      erwise delegates the performance of such functions to such  
23      other entity—

1           “(1) shall not be relieved of the lender’s or agen-  
2           cy’s duty to comply with the requirements of this  
3           title; and

4           “(2) shall monitor the activities of such other en-  
5           tity for compliance with such requirements.

6           “(b) *SPECIAL RULE.*—A lender that holds a loan made  
7           under part B in the lender’s capacity as a trustee is respon-  
8           sible for complying with all statutory and regulatory re-  
9           quirements imposed on any other holder of a loan made  
10          under this part.”.

11   **SEC. 438. SPECIAL ALLOWANCES.**

12          (a) *AMENDMENTS.*—Section 438 (20 U.S.C. 1087–1)  
13          is amended—

14                 (1) in subsection (c), by amending paragraph  
15                 (1) to read as follows:

16                         “(1) *DEDUCTION FROM INTEREST AND SPECIAL*  
17                         *ALLOWANCE SUBSIDIES.*—(A) Notwithstanding sub-  
18                         section (b), the Secretary shall collect the amount the  
19                         lender is authorized to charge as an origination fee  
20                         in accordance with paragraph (2) of this subsection—

21                                 “(i) by reducing the total amount of interest  
22                                 and special allowance payable under section  
23                                 428(a)(3)(A) and subsection (b) of this section,  
24                                 respectively, to any holder; or

1           “(i) directly from the holder of the loan, if  
2           the lender fails or is not required to bill the Sec-  
3           retary for interest and special allowance or with-  
4           draws from the program with unpaid loan origi-  
5           nation fees.

6           “(B) If the Secretary collects the origination fee  
7           under this subsection through the reduction of interest  
8           and special allowance, and the total amount of inter-  
9           est and special allowance payable under section  
10          428(a)(3)(A) and subsection (b) of this section, respec-  
11          tively, is less than the amount the lender was author-  
12          ized to charge borrowers for origination fees in that  
13          quarter, the Secretary shall deduct the excess amount  
14          from the subsequent quarters’ payments until the total  
15          amount has been deducted.”;

16          (2) in subsection (d), by amending paragraph  
17          (1) to read as follows:

18                 “(1) DEDUCTION FROM INTEREST AND SPECIAL  
19          ALLOWANCE SUBSIDIES.—

20                 “(A) IN GENERAL.—Notwithstanding sub-  
21          section (b), the Secretary shall collect a loan fee  
22          in an amount determined in accordance with  
23          paragraph (2)—

24                         “(i) by reducing the total amount of  
25                         interest and special allowance payable



1                   under section 428(a)(3)(A) and subsection  
2                   (b), respectively, to any holder of a loan; or  
3                   “(ii) directly from the holder of the  
4                   loan, if the lender—

5                                 “(I) fails or is not required to bill  
6                                 the Secretary for interest and special  
7                                 allowance payments; or

8                                 “(II) withdraws from the program  
9                                 with unpaid loan fees.

10                   “(B) *SPECIAL RULE.*—If the Secretary col-  
11                   lects loan fees under this subsection through the  
12                   reduction of interest and special allowance pay-  
13                   ments, and the total amount of interest and spe-  
14                   cial allowance payable under section  
15                   428(a)(3)(A) and subsection (b), respectively, is  
16                   less than the amount of such loan fees, then the  
17                   Secretary shall deduct the amount of the loan fee  
18                   balance from the amount of interest and special  
19                   allowance payments that would otherwise be  
20                   payable, in subsequent quarterly increments  
21                   until the balance has been deducted.”; and

22                   (3) in subsection (e)—

23                                 (A) by striking paragraphs (1) and (2); and

24                                 (B) by redesignating paragraphs (3) and

25                                 (4) as paragraphs (1) and (2), respectively.

1           (b) *CONFORMING AMENDMENT.*—Section 432(f)(1)(D)  
2 *is amended by striking “required to file a plan for doing*  
3 *business under section 438(d)” and inserting “that meets*  
4 *the requirements of section 438(e)”.*

5 **SEC. 439. STUDY OF MARKET-BASED MECHANISMS FOR DE-**  
6                           **TERMINING STUDENT LOAN INTEREST**  
7                           **RATES.**

8           (a) *STUDY REQUIRED.*—

9                   (1) *IN GENERAL.*—*The Secretary of the Treasury*  
10 *shall conduct a study of the feasibility of employing*  
11 *market-based mechanisms, including some form of*  
12 *auction, for determining student loan interest rates*  
13 *under title IV of the Higher Education Act of 1965*  
14 *(20 U.S.C. 1070 et seq.). The study shall include—*

15                           (A) *analysis of the potential impact of the*  
16 *mechanisms on the delivery of student financial*  
17 *aid;*

18                           (B) *analysis of the implications of the*  
19 *mechanisms with respect to student and institu-*  
20 *tional access to student loan capital;*

21                           (C) *analysis of the potential impact of the*  
22 *mechanisms on the costs of the programs under*  
23 *such title for students and the Federal Govern-*  
24 *ment; and*

1                   (D) a plan for structuring and implement-  
 2                   ing the mechanisms in such a manner that en-  
 3                   sures the cost-effective availability of student  
 4                   loans for students and their families.

5           (b) *CONSULTATION.*—In conducting the study de-  
 6           scribed in paragraph (1), the Secretary shall consult with  
 7           lenders, secondary markets, guaranty agencies, institutions  
 8           of higher education, student loan borrowers, and other par-  
 9           ticipants in the student loan programs under title IV of  
 10          the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

11          (c) *REPORT TO CONGRESS.*—The Secretary of the  
 12          Treasury shall report to the Committee on Labor and  
 13          Human Resources of the Senate, and the Committee on  
 14          Education and the Workforce of the House of Representa-  
 15          tives not later than September 30, 1999, regarding the re-  
 16          sults of the study described in subsection (a).

17           **PART C—FEDERAL WORK-STUDY PROGRAMS**

18          **SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMU-**  
 19   **NITY SERVICES.**

20           Section 441 (20 U.S.C. 2751) is amended—

21                   (1) in subsection (b), by striking “\$800,000,000  
 22                   for fiscal year 1993” and inserting “\$900,000,000 for  
 23                   fiscal year 1999”; and

24                   (2) in subsection (c)—

1           (A) in paragraph (1), by inserting “(in-  
2           cluding child care services provided on campus)”  
3           after “child care”; and

4           (B) in paragraph (3), by inserting “, in-  
5           cluding students with disabilities who are en-  
6           rolled at the institution” before the semicolon.

7 **SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.**

8           Section 443(b) (20 U.S.C. 2753(b)) is amended—

9           (1) in paragraph (1), by inserting “, including  
10           internships or research assistanceships as determined  
11           by the Secretary,” after “part-time employment”;

12           (2) by amending paragraph (3) to read as fol-  
13           lows:

14           “(3) provide that in the selection of students for  
15           employment under such work-study program, only  
16           students who demonstrate financial need in accord-  
17           ance with part F of this title and meet the require-  
18           ments of section 484 will be assisted, except that if the  
19           institution’s grant under this part is directly or indi-  
20           rectly based in part on the financial need dem-  
21           onstrated by students who are (A) attending the insti-  
22           tution on less than a full-time basis, or (B) independ-  
23           ent students, a reasonable portion of the allocation  
24           shall be made available to such students;”;

25           (3) in paragraph (5)—

1           (A) by striking “provide that” and insert-  
2           ing “(A) provide that”;

3           (B) by striking “1993–1994” and inserting  
4           “1999–2000”;

5           (C) by inserting “and” after the semicolon;  
6           and

7           (D) by adding at the end the following:

8           “(B) provide that the Federal share of the com-  
9           pensation of students employed in community service  
10          shall not exceed 90 percent;” and

11          (4) in paragraph (6), by striking “, and to  
12          make” and all that follows through “such employ-  
13          ment”.

14 **SEC. 443. WORK COLLEGES.**

15          Section 448 (20 U.S.C. 2756b) is amended—

16          (1) in subsection (b)(2)—

17               (A) in subparagraph (C), by striking “and”  
18               after the semicolon;

19               (B) in subparagraph (D)(ii), by striking the  
20               period and inserting a semicolon; and

21               (C) by adding at the end the following:

22               “(E) coordinate and carry out joint projects  
23               and activities to promote work service learning;  
24               and

1           “(F) carry out a comprehensive, longitu-  
 2           dinal study of student academic progress and  
 3           academic and career outcomes, relative to stu-  
 4           dent self-sufficiency in financing their higher  
 5           education, repayment of student loans, continued  
 6           community service, kind and quality of service  
 7           performed, and career choice and community  
 8           service selected after graduation.”; and

9           (2) in subsection (f), by striking “\$5,000,000 for  
 10          fiscal year 1993” and inserting “\$7,000,000 for fiscal  
 11          year 1999”.

12       **PART D—WILLIAM D. FORD FEDERAL DIRECT**

13                       **LOAN PROGRAM**

14       **SEC. 451. SELECTION OF INSTITUTIONS.**

15          Section 453(c) (20 U.S.C. 1087c(c)) is amended—

16           (1) in paragraph (2)—

17                   (A) in the paragraph heading, by striking  
 18                   “TRANSITION”;

19                   (B) by striking subparagraph (E); and

20                   (C) by redesignating subparagraphs (F),  
 21                   (G), and (H) as subparagraphs (E), (F), and  
 22                   (G), respectively; and

23           (2) in paragraph (3)—

24                   (A) in the paragraph heading, by striking  
 25                   “*AFTER TRANSITION*”; and

1                   (B) by striking “For academic year 1995–  
2                   1996 and subsequent academic years, the” and  
3                   inserting “The”.

4 **SEC. 452. TERMS AND CONDITIONS.**

5           (a) *INTEREST RATES.*—Section 455(b) (20 U.S.C.  
6 1087e(b)) is amended to read as follows:

7           “(b) *INTEREST RATE.*—

8                   “(1) *RATES FOR FDSL AND FDUSL.*—For Federal  
9                   Direct Stafford/Ford Loans and Federal Direct Un-  
10                   subsidized Stafford/Ford Loans for which the first  
11                   disbursement is made on or after July 1, 1998, the  
12                   applicable rate of interest shall, during any 12-month  
13                   period beginning on July 1 and ending on June 30,  
14                   be determined on the preceding June 1 and be equal  
15                   to—

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

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

21                   “(2) *IN SCHOOL AND GRACE PERIOD RULES.*—  
22                   With respect to any Federal Direct Stafford/Ford  
23                   Loan or Federal Direct Unsubsidized Stafford/Ford  
24                   Loan for which the first disbursement is made on or

1       *after July 1, 1998, the applicable rate of interest for*  
2       *interest which accrues—*

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

5               “(B) *during the period in which principal*  
6               *need not be paid (whether or not such principal*  
7               *is in fact paid) by reason of a provision de-*  
8               *scribed in section 428(b)(1)(M) or 427(a)(2)(C),*  
9       *shall be determined under paragraph (1) by substitut-*  
10       *ing ‘1.7 percent’ for ‘2.3 percent’.*

11              “(3) *PLUS LOANS.—With respect to Federal Di-*  
12              *rect PLUS Loan for which the first disbursement is*  
13              *made on or after July 1, 1998, the applicable rate of*  
14              *interest shall be determined under paragraph (1)—*

15                      “(A) *by substituting ‘3.1 percent’ for ‘2.3*  
16                      *percent’; and*

17                      “(B) *by substituting ‘9.0 percent’ for ‘8.25*  
18                      *percent’.*

19              “(4) *PUBLICATION.—The Secretary shall deter-*  
20              *mine the applicable rates of interest under this sub-*  
21              *section after consultation with the Secretary of the*  
22              *Treasury and shall publish such rate in the Federal*  
23              *Register as soon as practicable after the date of the*  
24              *determination.*

25              “(5) *REPAYMENT INCENTIVES.—*



1           “(A) *IN GENERAL.*—*Notwithstanding any*  
2 *other provision of this part, the Secretary is au-*  
3 *thorized to prescribe by regulation such reduc-*  
4 *tions in the interest rate paid by a borrower of*  
5 *a loan made under this part as the Secretary de-*  
6 *termines appropriate to encourage on-time re-*  
7 *payment of the loan. Such reductions may be of-*  
8 *fered only if the Secretary determines the reduc-*  
9 *tions are cost neutral and in the best financial*  
10 *interest of the Federal Government. Any increase*  
11 *in subsidy costs resulting from such reductions*  
12 *shall be completely offset by corresponding sav-*  
13 *ings in funds available for the William D. Ford*  
14 *Federal Direct Loan Program in that fiscal year*  
15 *from section 458 and other administrative ac-*  
16 *counts.*

17           “(B) *ACCOUNTABILITY.*—*The Secretary*  
18 *shall ensure the cost neutrality of such reductions*  
19 *by obtaining an official report from the Director*  
20 *of the Office of Management and Budget and the*  
21 *Director of the Congressional Budget Office that*  
22 *any such reductions will be completely cost neu-*  
23 *tral. The reports shall be transmitted to the Com-*  
24 *mittee on Labor and Human Resources of the*  
25 *Senate and the Committee on Education and the*

1            *Workforce of the House of Representatives not*  
2            *less than 60 days prior to the publication of reg-*  
3            *ulations proposing such reductions.”.*

4            *(b) EFFECTIVE DATE.—The amendments made by this*  
5            *section shall apply with respect to any loan made under*  
6            *part D of title IV of the Higher Education Act of 1965 for*  
7            *which the first disbursement is made on or after July 1,*  
8            *1998.*

9            **SEC. 453. CONTRACTS.**

10          *Section 456(b) (20 U.S.C. 1087f(b)) is amended—*

11            *(1) in paragraph (3), by inserting “and” after*  
12            *the semicolon;*

13            *(2) by striking paragraph (4); and*

14            *(3) by redesignating paragraph (5) as para-*  
15            *graph (4).*

16          **SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.**

17          *Section 458 (20 U.S.C. 1087h) is amended—*

18            *(1) by amending subsection (a) to read as fol-*  
19            *lows:*

20            *“(a) ADMINISTRATIVE EXPENSES.—*

21            *“(1) IN GENERAL.—Each fiscal year there shall*  
22            *be available to the Secretary, from funds not other-*  
23            *wise appropriated, funds to be obligated for—*

1           “(A) *administrative costs under this part*  
 2           *and part B, including the costs of the direct stu-*  
 3           *dent loan programs under this part; and*

4           “(B) *account maintenance fees payable to*  
 5           *guaranty agencies under part B and calculated*  
 6           *in accordance with paragraph (2), not to exceed*  
 7           *(from such funds not otherwise appropriated)*  
 8           *\$626,000,000 in fiscal year 1999, \$726,000,000*  
 9           *in fiscal year 2000, \$770,000,000 in fiscal year*  
 10           *2001, \$780,000,000 in fiscal year 2002, and*  
 11           *\$795,000,000 in fiscal year 2003.*

12           “(2) *ACCOUNT MAINTENANCE FEES.—Account*  
 13           *maintenance fees under subparagraph (B) shall be*  
 14           *paid quarterly and deposited in the Agency Operat-*  
 15           *ing Fund established under section 422B.*

16           “(3) *CARRYOVER.—The Secretary may carry*  
 17           *over funds made available under this section to a sub-*  
 18           *sequent fiscal year.”; and*

19           (2) *by amending subsection (b) to read as fol-*  
 20           *lows:*

21           “(b) *CALCULATION BASIS.—Account maintenance fees*  
 22           *payable to guaranty agencies under paragraph (1)(B) shall*  
 23           *be calculated—*

24           “(1) *for fiscal years 1999 and 2000, on the basis*  
 25           *of 0.12 percent of the original principal amount of*

1        *outstanding loans on which insurance was issued*  
2        *under part B; and*

3                *“(2) for fiscal year 2001, 2002, and 2003, on the*  
4        *basis of 0.10 percent of the original principal amount*  
5        *of outstanding loans on which insurance was issued*  
6        *under part B.”.*

7        **SEC. 455. LOAN CANCELLATION FOR TEACHERS.**

8                *Part D of title IV (20 U.S.C. 1087a et seq.) is amended*  
9        *by adding at the end the following:*

10        **“SEC. 459. LOAN CANCELLATION FOR TEACHERS.**

11                *“(a) STATEMENT OF PURPOSE.—It is the purpose of*  
12        *this section to encourage individuals to enter and continue*  
13        *in the teaching profession.*

14                *“(b) PROGRAM AUTHORIZED.—The Secretary is au-*  
15        *thorized to carry out a program of canceling the obligation*  
16        *to repay a Federal Direct Stafford/Ford Loan made under*  
17        *this part that is eligible for an interest subsidy, for any*  
18        *new borrower on or after the date of enactment of the High-*  
19        *er Education Amendments of 1998, who—*

20                *“(1) has been employed as a full-time teacher for*  
21        *3 consecutive complete school years—*

22                *“(A) in a school that qualifies under section*  
23        *465(a)(2)(A) for loan cancellation for Perkins*  
24        *loan recipients who teach in such schools;*

1           “(B) if employed as a secondary school  
2 teacher, is teaching a subject area that is rel-  
3 evant to the borrower’s academic major as cer-  
4 tified by the chief administrative officer of the  
5 public or non-profit private secondary school in  
6 which the borrower is employed; and

7           “(C) if employed as an elementary school  
8 teacher, has demonstrated, in accordance with  
9 State teacher certification or licensing require-  
10 ments and as certified by the chief administra-  
11 tive officer of the public or nonprofit private ele-  
12 mentary school in which the borrower is em-  
13 ployed, knowledge and teaching skills in reading,  
14 writing, mathematics and other areas of the ele-  
15 mentary school curriculum; and

16           “(2) is not in default on a loan for which the  
17 borrower seeks forgiveness.

18           “(c) REGULATIONS.—The Secretary is authorized to  
19 issue such regulations as may be necessary to carry out the  
20 provisions of this section.

21           “(d) LOAN CANCELLATION DURING CONTINUING  
22 TEACHING SERVICE.—

23           “(1) IN GENERAL.—The Secretary shall cancel  
24 the obligation to repay—

1           “(A) 30 percent of the total outstanding  
2           amount and applicable interest of subsidized  
3           Federal Direct Stafford/Ford loans owed by the  
4           student borrower after the completion of the  
5           fourth or fifth complete school year of service de-  
6           scribed in subsection (b);

7           “(B) 40 percent of such total amount after  
8           the completion of the sixth complete school year  
9           of such service; and

10           “(C) a total amount for any borrower that  
11           shall not exceed \$ 10,000.

12           “(2) CONSTRUCTION.—Nothing in this section  
13           shall be construed to authorize any refunding of any  
14           canceled loan.

15           “(e) LIST.—If the list of schools in which a teacher  
16           may perform service pursuant to subsection (b) is not avail-  
17           able before May 1 of any year, the Secretary may use the  
18           list for the year preceding the year for which the determina-  
19           tion is made to make such service determination.

20           “(f) CONTINUED ELIGIBILITY.—Any teacher who per-  
21           forms service in a school that—

22           “(1) meets the requirements of subsection  
23           (b)(1)(A) in any year during such service; and

24           “(2) in a subsequent year fails to meet the re-  
25           quirements of such subsection, may continue to teach

1        *in such school and shall be eligible for loan cancella-*  
 2        *tion pursuant to subsection (b).”.*

3                    **PART E—FEDERAL PERKINS LOANS**

4        **SEC. 461. AUTHORIZATION OF APPROPRIATIONS.**

5        *Subsection (b) of section 461 (20 U.S.C. 1087aa) is*  
 6        *amended—*

7                    (1) *in paragraph (1), by striking “1993” and in-*  
 8                    *serting “1999”; and*

9                    (2) *in paragraph (2), by striking “1997” each*  
 10                    *place the term appears and inserting “2003”.*

11        **SEC. 462. ALLOCATION OF FUNDS.**

12                    (a) *AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is*  
 13                    *amended—*

14                    (1) *in the matter preceding subparagraph (A) of*  
 15                    *subsection (d)(3), by striking “the Secretary, for” and*  
 16                    *all that follows through “years,”;*

17                    (2) *by amending subsection (f) to read as follows:*

18                    “(f) *DEFAULT PENALTIES.—*

19                    “(1) *IN GENERAL.—For fiscal year 1998 and*  
 20                    *any succeeding fiscal year, any institution with a co-*  
 21                    *hort default rate (as defined under subsection (h))*  
 22                    *that equals or exceeds 25 percent shall have a default*  
 23                    *penalty of zero.*

24                    “(2) *INELIGIBILITY.—*

1           “(A) *IN GENERAL.*—*For fiscal year 1998*  
2           *and any succeeding fiscal year, any institution*  
3           *with a cohort default rate (as defined in sub-*  
4           *section (h)) that equals or exceeds 50 percent for*  
5           *each of the 3 most recent years for which data*  
6           *are available shall not be eligible to participate*  
7           *in a program under this part for the fiscal year*  
8           *for which the determination is made and the 2*  
9           *succeeding fiscal years, unless, within 30 days of*  
10           *receiving notification from the Secretary of the*  
11           *loss of eligibility under this paragraph, the insti-*  
12           *tution appeals the loss of eligibility to the Sec-*  
13           *retary. The Secretary shall issue a decision on*  
14           *any such appeal within 45 days after the sub-*  
15           *mission of the appeal. Such decision may permit*  
16           *the institution to continue to participate in a*  
17           *program under this part if—*

18                   “(i) *the institution demonstrates to the*  
19                   *satisfaction of the Secretary that the cal-*  
20                   *ulation of the institution’s cohort default*  
21                   *rate is not accurate, and that recalculation*  
22                   *would reduce the institution’s cohort default*  
23                   *rate for any of the 3 fiscal years below 50*  
24                   *percent; or*



1                   “(ii) there are, in the judgment of the  
2                   Secretary, exceptional mitigating cir-  
3                   cumstances such as a small number of bor-  
4                   rowers entering repayment, that would  
5                   make the application of this subparagraph  
6                   inequitable.

7                   “(B) CONTINUED PARTICIPATION.—During  
8                   an appeal under subparagraph (A), the Sec-  
9                   retary may permit the institution to continue to  
10                  participate in a program under this part.

11                  “(C) DEFINITION.—For the purposes of sub-  
12                  paragraph (A), the term ‘loss of eligibility’ shall  
13                  be defined as the mandatory liquidation of an  
14                  institution’s student loan fund, and assignment  
15                  of the institution’s outstanding loan portfolio to  
16                  the Secretary.”;

17                  (3) by amending paragraph (1) of subsection (g)  
18                  to read as follows: “(1) For award year 1998 and  
19                  subsequent years, the maximum cohort default rate is  
20                  25 percent.”; and

21                  (4) in subsection (h)—

22                         (A) in the subsection heading, by striking  
23                         “DEFINITIONS OF DEFAULT RATE AND” and in-  
24                         serting “DEFINITION OF”;

25                         (B) by striking paragraphs (1) and (2);

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

3           (D) in paragraph (1) (as redesignated by  
4           subparagraph (C))—

5           (i) by striking subparagraph (B); and

6           (ii) by redesignating subparagraphs  
7           (C) through (G) as subparagraphs (B)  
8           through (F), respectively; and

9           (E) in the matter preceding subparagraph  
10          (A) of paragraph (2) (as redesignated by sub-  
11          paragraph (C)), by striking “A loan” and insert-  
12          ing “For purposes of calculating the cohort de-  
13          fault rate under this subsection, a loan”.

14          (b) *CONFORMING AMENDMENTS.*—Section 462 (20  
15          U.S.C. 1087bb) is amended—

16           (1) in the matter following paragraphs (1)(B)  
17           and (2)(D)(ii) of subsection (a), by inserting “cohort”  
18           before “default” each place the term appears;

19           (2) in the matter following paragraphs (2)(B)  
20           and (3)(C) of subsection (c), by inserting “cohort” be-  
21           fore “default” each place the term appears;

22           (3) in subsection (e)(2), by inserting “cohort” be-  
23           fore “default”; and

1           (4) in subsection (h)(1)(F) (as redesignated by  
2           subparagraphs (C) and (D)(ii) of subsection (a)(4)),  
3           by inserting “cohort” before “default”.

4 **SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER**  
5 **EDUCATION.**

6           Section 463 (20 U.S.C. 1087cc) is amended—

7           (1) by amending subparagraph (B) of subsection  
8           (a)(2) to read as follows:

9                   “(B) a capital contribution by an institu-  
10                  tion in an amount equal to one-third of the Fed-  
11                  eral capital contributions described in subpara-  
12                  graph (A);”;

13           (2) in subsection (c)—

14                   (A) in paragraph (2)—

15                           (i) in the matter preceding subpara-  
16                           graph (A), by striking “by the Secretary”  
17                           and all that follows through “of—” and in-  
18                           serting “by the Secretary or an institution,  
19                           as the case may be, to such organizations,  
20                           with respect to any loan held by the Sec-  
21                           retary or the institution, respectively,  
22                           of—”;

23                           (ii) by amending subparagraph (A) to  
24                           read as follows:

1           “(A) the date of disbursement and the  
2 amount of such loans made to any borrower  
3 under this part at the time of disbursement of  
4 the loan;”;

5           (iii) in subparagraph (B)—

6                 (I) by inserting “the repayment  
7 and” after “concerning”; and

8                 (II) by striking “any defaulted”  
9 and inserting “such”; and

10           (iv) in subparagraph (C), by inserting  
11 “, or upon cancellation or discharge of the  
12 borrower’s obligation on the loan for any  
13 reason” before the period;

14           (B) in paragraph (3)—

15                 (i) in the matter preceding subpara-  
16 graph (A), by striking “until—” and in-  
17 serting “until the loan is paid in full.”; and

18                 (ii) by striking subparagraphs (A) and  
19 (B); and

20           (C) by amending paragraph (4) to read as  
21 follows:

22           “(4)(A) Except as provided in subparagraph  
23 (B), an institution of higher education, after con-  
24 sultation with the Secretary and pursuant to the  
25 agreements entered into under paragraph (1), shall

1        *disclose at least annually to any credit bureau orga-*  
 2        *nization with which the Secretary has such an agree-*  
 3        *ment the information set forth in paragraph (2), and*  
 4        *shall disclose promptly to such credit bureau organi-*  
 5        *zation any changes to the information previously dis-*  
 6        *closed.*

7                *“(B) The Secretary may promulgate regulations*  
 8        *establishing criteria under which an institution of*  
 9        *higher education may cease reporting the information*  
 10        *described in paragraph (2) before a loan is paid in*  
 11        *full.”.*

12    **SEC. 464. TERMS OF LOANS.**

13        *Section 464 (20 U.S.C. 1087dd) is amended—*

14                *(1) in subsection (a), by amending paragraph*  
 15        *(2) to read as follows:*

16                *“(2)(A) Except as provided in paragraph (4),*  
 17        *the total of loans made to a student in any academic*  
 18        *year or its equivalent by an institution of higher edu-*  
 19        *cation from a loan fund established pursuant to an*  
 20        *agreement under this part shall not exceed—*

21                *“(i) \$4,000, in the case of a student who has*  
 22        *not successfully completed a program of under-*  
 23        *graduate education; or*

1           “(i) \$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 student  
6           by institutions of higher education from loan funds  
7           established pursuant to agreements under this part  
8           may not exceed—

9           “(i) \$40,000, in the case of any graduate or  
10          professional student (as defined by regulations  
11          issued by the Secretary, and including any loans  
12          from such funds made to such person before such  
13          person became a graduate or professional stu-  
14          dent);

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 loans  
21          from such funds made to such person before such  
22          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 fourth*  
7                     *years of the program of instruction leading to a*  
8                     *bachelor’s degree; or*

9                     “(II) *\$10,000 for the first year of graduate*  
10                    *study (as defined in regulations issued by the*  
11                    *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 student*  
17                    *will pursue a course of study to become an ele-*  
18                    *mentary or secondary school teacher; and*

19                    “(III) *who states in writing that the student*  
20                    *intends to become a full-time teacher in a school*  
21                    *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 benefiting*  
2        *from the higher loan limits met the requirements for*  
3        *receiving those loans.*

4                *“(iv) If 3 years after the date of enactment of the*  
5        *Higher Education Amendments of 1998, the Secretary*  
6        *determines that an institution has engaged in a pat-*  
7        *tern of abuse of this subparagraph, the Secretary may*  
8        *reduce or terminate the institution’s Federal capital*  
9        *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) 3*  
22        *percent” and all that follows through “or (iii)”;*

23                *(B) by redesignating subparagraphs (H)*  
24        *and (I) as subparagraphs (I) and (J), respec-*  
25        *tively; and*



1           (C) by inserting after subparagraph (G) the  
2 following:

3           “(H) shall provide that, in the case of a  
4 loan made on or after July 1, 1999, the loan  
5 shall be considered in default (except as other-  
6 wise provided in section 462(h)) if the borrower  
7 of a loan made under this part fails to make an  
8 installment payment when due, or to meet any  
9 other term of the promissory note or written re-  
10 payment agreement, and such failure persists  
11 for—

12           “(i) 180 days in the case of a loan that  
13 is repayable in monthly installments; or

14           “(ii) 240 days in the case of a loan  
15 that is repayable in less frequent install-  
16 ments;” and

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

18           “(g) DISCHARGE.—

19           “(1) IN GENERAL.—If a student borrower who  
20 received a loan made under this part on or after Jan-  
21 uary 1, 1986, is unable to complete the program in  
22 which such student is enrolled due to the closure of the  
23 institution, then the Secretary shall discharge the bor-  
24 rower’s liability on the loan (including the interest  
25 and collection fees) by repaying the amount owed on

1     *the loan and shall subsequently pursue any claim*  
2     *available to such borrower against the institution and*  
3     *the institution's affiliates and principals, or settle the*  
4     *loan obligation pursuant to the financial responsibil-*  
5     *ity standards described in section 498(c).*

6             “(2) *ASSIGNMENT.*—*A borrower whose loan has*  
7     *been discharged pursuant to this subsection shall be*  
8     *deemed to have assigned to the United States the right*  
9     *to a loan refund in an amount that does not exceed*  
10    *the amount discharged against the institution and the*  
11    *institution's affiliates and principals.*

12            “(3) *ELIGIBILITY FOR ADDITIONAL ASSIST-*  
13    *ANCE.*—*The period during which a student was un-*  
14    *able to complete a course of study due to the closing*  
15    *of the institution shall not be considered for purposes*  
16    *of calculating the student's period of eligibility for ad-*  
17    *ditional assistance under this title.*

18            “(4) *SPECIAL RULE.*—*A borrower whose loan has*  
19    *been discharged pursuant to this subsection shall not*  
20    *be precluded, because of that discharge, from receiving*  
21    *additional grant, loan, or work assistance under this*  
22    *title for which the borrower would be otherwise eligi-*  
23    *ble (but for the default on the discharged loan). The*  
24    *amount discharged under this subsection shall not be*

1       *considered income for purposes of the Internal Reve-*  
2        *nue Code of 1986.*

3           “(5) *REPORTING.*—*The Secretary or institution,*  
4       *as the case may be, shall report to credit bureaus with*  
5       *respect to loans that have been discharged pursuant to*  
6       *this subsection.*

7       “(h) *REHABILITATION OF LOANS.*—

8           “(1) *REHABILITATION.*—

9           “(A) *IN GENERAL.*—*If the borrower of a*  
10       *loan made under this part who has defaulted on*  
11       *the loan makes 12 ontime, consecutive, monthly*  
12       *payments of amounts owed on the loan, as deter-*  
13       *mined by the institution, the loan shall be con-*  
14       *sidered rehabilitated, and the institution that*  
15       *made that loan (or the Secretary, in the case of*  
16       *a loan held by the Secretary) shall instruct any*  
17       *credit bureau organization or credit reporting*  
18       *agency to which the default was reported to re-*  
19       *move the default from the borrower’s credit his-*  
20       *tory.*

21           “(B) *COMPARABLE CONDITIONS.*—*As long*  
22       *as the borrower continues to make scheduled re-*  
23       *payments on a loan rehabilitated under this*  
24       *paragraph, the rehabilitated loan shall be subject*  
25       *to the same terms and conditions, and qualify*

1           *for the same benefits and privileges, as other*  
2           *loans made under this part.*

3           “(C) *ADDITIONAL ASSISTANCE.*—*The bor-*  
4           *rower of a rehabilitated loan shall not be pre-*  
5           *cluded by section 484 from receiving additional*  
6           *grant, loan, or work assistance under this title*  
7           *(for which the borrower is otherwise eligible) on*  
8           *the basis of defaulting on the loan prior to such*  
9           *rehabilitation.*

10           “(D) *LIMITATIONS.*—*A borrower only once*  
11           *may obtain the benefit of this paragraph with*  
12           *respect to rehabilitating a loan under this part.*

13           “(2) *RESTORATION OF ELIGIBILITY.*—*If the bor-*  
14           *rower of a loan made under this part who has de-*  
15           *faulted on that loan makes 6 ontime, consecutive,*  
16           *monthly payments of amounts owed on such loan, the*  
17           *borrower’s eligibility for grant, loan, or work assist-*  
18           *ance under this title shall be restored. A borrower*  
19           *only once may obtain the benefit of this paragraph*  
20           *with respect to restored eligibility.*

21           “(i) *INCENTIVE REPAYMENT PROGRAM.*—

22           “(1) *IN GENERAL.*—*Each institution of higher*  
23           *education may establish, with the approval of the Sec-*  
24           *retary, an incentive repayment program designed to*  
25           *reduce default and to replenish student loan funds es-*

1 *tablished under this part. Each such incentive repay-*  
2 *ment program may—*

3 *“(A) offer a reduction of the interest rate on*  
4 *a loan on which the borrower has made 48*  
5 *ontime, consecutive, monthly repayments, but in*  
6 *no event may the rate be reduced by more than*  
7 *1 percent;*

8 *“(B) provide for a discount on the balance*  
9 *owed on a loan on which the borrower pays the*  
10 *principal and interest in full prior to the end of*  
11 *the applicable repayment period, but in no event*  
12 *may the discount exceed 5 percent of the unpaid*  
13 *principal balance due on the loan at the time the*  
14 *early repayment is made; and*

15 *“(C) include such other incentive repayment*  
16 *options as the institution determines will carry*  
17 *out the objectives of this subsection.*

18 *“(2) LIMITATION.—No incentive repayment op-*  
19 *tion under an incentive repayment program author-*  
20 *ized by this subsection may be paid for with Federal*  
21 *funds, including any Federal funds from the student*  
22 *loan fund, nor can an incentive repayment option be*  
23 *paid for with institutional funds from the student*  
24 *loan fund.”.*

1 **SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**  
 2 **FUNDS.**

3 *Section 466 (20 U.S.C. 1087ff) is amended—*

4 *(1) in subsection (a)—*

5 *(A) in the matter preceding paragraph*

6 *(1)—*

7 *(i) by striking “1996” and inserting*

8 *“2003”; and*

9 *(ii) by striking “1997” and inserting*

10 *“2004”; and*

11 *(B) in paragraph (1), by striking “1996”*

12 *and inserting “2003”;*

13 *(2) in subsection (b)—*

14 *(A) by striking “2005” and inserting*

15 *“2012”; and*

16 *(B) by striking “1996” and inserting*

17 *“2003”; and*

18 *(3) in subsection (c), by striking “1997” and in-*

19 *serting “2004”.*

20 **SEC. 466. PERKINS LOAN REVOLVING FUND.**

21 *(a) REPEAL.—Subsection (c) of section 467 (20 U.S.C.*

22 *1087gg(c)) is repealed.*

23 *(b) TRANSFER OF BALANCE.—Any funds in the Per-*

24 *kins Loan Revolving Fund on the date of enactment of this*

25 *Act shall be transferred to and deposited in the Treasury.*

1                                   **PART F—NEED ANALYSIS**

2   **SEC. 471. COST OF ATTENDANCE.**

3       *Section 472 (20 U.S.C. 1087ll) is amended—*

4                   (1) *in paragraph (3)—*

5                           (A) *in subparagraph (A), by striking “of*  
6                           *not less than \$1,500” and inserting “determined*  
7                           *by the institution”; and*

8                           (B) *in subparagraph (C), by striking “, ex-*  
9                           *cept that the amount may not be less than*  
10                           *\$2,500”; and*

11                   (2) *in paragraph (11), by striking “placed” and*  
12                   *inserting “engaged”.*

13   **SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STU-**  
14                                   **DENTS.**

15       *Section 475 (20 U.S.C. 1087oo) is amended—*

16                   (1) *in subsection (g)—*

17                           (A) *in paragraph (2)—*

18                                   (i) *in subparagraph (D)—*

19   (I) *by striking “\$1,750” and in-*  
20   *serting “\$2,200”; and*

21   (II) *by striking “and” after the*  
22   *semicolon;*

23                                   (ii) *in subparagraph (E), by striking*  
24                                   *the period and inserting “; and”; and*

25                                   (iii) *by adding at the end the follow-*  
26                                   *ing:*

1           “(F) an allowance for parents’ negative  
2           available income, determined in accordance with  
3           paragraph (6).”; and

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

5           “(6) ALLOWANCE FOR PARENTS’ NEGATIVE  
6           AVAILABLE INCOME.—The allowance for parents’ neg-  
7           ative available income is the amount, if any, by  
8           which the sum of the amounts deducted under sub-  
9           paragraphs (A) through (F) of paragraph (1) exceeds  
10          the parents’ total income (as defined in section  
11          480).”; and

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

13          “(j) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR  
14          ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—  
15          For periods of enrollment of less than 9 months, the stu-  
16          dent’s contribution from adjusted available income (as de-  
17          termined under subsection (g)) is determined, for purposes  
18          other than subpart 2 of part A, by dividing the amount  
19          determined under such subsection by 9, and multiplying the  
20          result by the number of months in the period of enroll-  
21          ment.”.



1 **SEC. 473. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**  
 2 **DENTS WITHOUT DEPENDENTS OTHER THAN**  
 3 **A SPOUSE.**

4 Section 476(b)(1)(A)(iv) (20 U.S.C.  
 5 1087pp(b)(1)(A)(iv)) is amended—

6 (1) in subclause (I), by striking “\$3,000” and  
 7 inserting “\$4,250”;

8 (2) in subclause (II), by striking “\$3,000” and  
 9 inserting “\$4,250”; and

10 (3) in subclause (III), by striking “\$6,000” and  
 11 inserting “\$7,250”.

12 **SEC. 474. REGULATIONS; UPDATED TABLES AND AMOUNTS.**

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

14 (1) by striking “For each academic year” and  
 15 inserting the following:

16 “(1) *REVISED TABLES.*—For each academic  
 17 year”; and

18 (2) by adding at the end the following new para-  
 19 graph:

20 “(2) *REVISED AMOUNTS.*—For each academic  
 21 year after academic year 1999–2000, the Secretary  
 22 shall publish in the Federal Register revised income  
 23 protection allowances for the purpose of sections  
 24 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised al-  
 25 lowances shall be developed by increasing each of the  
 26 dollar amounts contained in such section by a per-

1       centage equal to the estimated percentage increase in  
 2       the Consumer Price Index (as determined by the Sec-  
 3       retary) between December 1998 and the December  
 4       next preceding the beginning of such academic year,  
 5       and rounding the result to the nearest \$10.”.

6       **SEC. 475. REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-**  
 7                               **CATIONS.**

8       Subsection (c) of section 479A (20 U.S.C. 1087tt) is  
 9       amended to read as follows:

10       “(c) *REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-*  
 11       *CATIONS.—An eligible institution may refuse to certify a*  
 12       *statement that permits a student to receive a loan under*  
 13       *part B, or refuse to make a loan under part D, or may*  
 14       *certify a loan amount or make a loan that is less than the*  
 15       *student’s determination of need (as determined under this*  
 16       *part), if the reason for the action is documented and pro-*  
 17       *vided in written form to the student. No eligible institution*  
 18       *shall discriminate against any borrower or applicant in ob-*  
 19       *taining a loan on the basis of race, national origin, reli-*  
 20       *gion, sex, marital status, age, or disability status.”.*

21                               **PART G—GENERAL PROVISIONS**

22       **SEC. 481. MASTER CALENDAR.**

23       Section 482 (20 U.S.C. 1089) is amended—

24               (1) in subsection (a), by adding at the end the  
 25       following:

1           “(3) *To the extent feasible, the Secretary shall*  
2           *notify eligible institutions and vendors by December*  
3           *1 prior to the start of an award year of minimal*  
4           *hardware and software requirements necessary to ad-*  
5           *minister programs under this title.”; and*

6           (2) *by amending subsection (c) to read as fol-*  
7           *lows:*

8           “(c) *DELAY OF EFFECTIVE DATE OF LATE PUBLICA-*  
9           *TIONS.—(1) Except as provided in paragraph (2), any reg-*  
10           *ulatory changes initiated by the Secretary affecting the pro-*  
11           *grams under this title that have not been published in final*  
12           *form by November 1 prior to the start of the award year*  
13           *shall not become effective until the beginning of the second*  
14           *award year after such November 1 date.*

15           “(2)(A) *The Secretary may designate any regulatory*  
16           *provision that affects the programs under this title and is*  
17           *published in final form after November 1 as one that an*  
18           *entity subject to the provision may, in the entity’s discre-*  
19           *tion, choose to implement prior to the effective date de-*  
20           *scribed in paragraph (1). The Secretary may specify in the*  
21           *designation when, and under what conditions, an entity*  
22           *may implement the provision prior to that effective date.*  
23           *The Secretary shall publish any designation under this sub-*  
24           *paragraph in the Federal Register.*

1       “(B) If an entity chooses to implement a regulatory  
2 provision prior to the effective date described in paragraph  
3 (1), as permitted by subparagraph (A), the provision shall  
4 be effective with respect to that entity in accordance with  
5 the terms of the Secretary’s designation.”.

6 **SEC. 482. FORMS AND REGULATIONS.**

7       Section 483 (20 U.S.C. 1090) is amended—

8             (1) in subsection (a)—

9                 (A) in the subsection heading, by striking  
10                 “FORM” and inserting “FORM DEVELOPMENT”;

11                 (B) by amending paragraph (1) to read as  
12                 follows:

13             “(1) *SINGLE FORM REQUIREMENTS.*—The Sec-  
14             retary, in cooperation with representatives of agencies  
15             and organizations involved in student financial as-  
16             sistance, shall produce, distribute, and process free of  
17             charge a common financial reporting form (which  
18             shall include electronic versions of the form) to be  
19             used—

20                 “(A) to determine the need (including the  
21                 expected family contribution and, if appropriate,  
22                 cost of attendance) and eligibility of a student  
23                 for financial assistance under parts A, C, D, and  
24                 E; and

1           “(B) to determine the need (including the  
2           expected family contribution and cost of attend-  
3           ance) of a student for the purposes of part B.

4           “(2) STATE DATA ITEMS.—The Secretary shall  
5           include on the form developed under this subsection  
6           such data items, selected in consultation with the  
7           States to assist the States in awarding State student  
8           financial assistance, as the Secretary determines are  
9           appropriate for inclusion.

10          “(3) PARENT’S SOCIAL SECURITY NUMBER.—The  
11          Secretary shall include on the form developed under  
12          this paragraph space for the social security number  
13          of parents of dependent students seeking financial as-  
14          sistance under this title.

15          “(4) USE.—The Secretary shall require that the  
16          form developed under this paragraph be used for the  
17          purpose of collecting eligibility and other data for  
18          purposes of part B, including the applicant’s choice  
19          of lender.”; and

20                 (C) in paragraph (3)—

21                         (i) by striking “Institutions of higher  
22                         education and States shall receive” and in-  
23                         serting “The Secretary shall provide”; and

24                         (ii) by striking “by the Secretary”;  
25                         and

1           (2) *by adding at the end the following:*

2           “(g) *PAYMENT FOR DATA.*—*The Secretary may pay*  
3 *such charges as the Secretary determines are necessary to*  
4 *obtain data that the Secretary considers essential to the effi-*  
5 *cient administration of the programs under this title.*

6           “(h) *MULTIYEAR PROMISSORY NOTE.*—*The Secretary*  
7 *shall require, for loans made under this title for periods*  
8 *of enrollment beginning on or after July 1, 2000, the use*  
9 *of a promissory note applicable to more than 1 academic*  
10 *year, or more than 1 type of loan made under this title.*  
11 *Prior to implementing this subsection, the Secretary shall*  
12 *develop and test such a promissory note on a limited or*  
13 *pilot basis.”.*

14 **SEC. 483. STUDENT ELIGIBILITY.**

15           (a) *AMENDMENTS.*—*Section 484 (20 U.S.C. 1091) is*  
16 *amended—*

17           (1) *in subsection (d)—*

18                   (A) *in the matter preceding paragraph (1),*  
19                   *by striking “either”; and*

20                   (B) *by adding at the end the following:*

21                   “(3) *The student has completed a high school*  
22 *education in a home school setting and has met any*  
23 *State requirements with respect to such education in*  
24 *a home school setting.”; and*

25           (2) *by adding at the end the following:*

1           “(q) *VERIFICATION OF IRS RETURN INFORMATION.*—  
2 *The Secretary shall verify the information reported by all*  
3 *applicants for assistance on the form prescribed under sec-*  
4 *tion 483 with the return information (as defined in section*  
5 *6103 of the Internal Revenue Code of 1986) available to*  
6 *the Secretary of the Treasury. Notwithstanding section 6103*  
7 *of such Code the Secretary of the Treasury shall provide*  
8 *the return information to the Secretary. In the case of a*  
9 *dependent student the return information shall include the*  
10 *return information of the parent of the student. The form*  
11 *prescribed by the Secretary under section 483 shall contain*  
12 *a prominent notice of the verification of the information*  
13 *and a warning to all the applicants of the penalties for*  
14 *misrepresentation, with respect to the information, under*  
15 *the United States Code.*

16           “(r) *SUSPENSION OF ELIGIBILITY FOR DRUG-RELAT-*  
17 *ED OFFENSES.*—

18           “(1) *IN GENERAL.*—*A student who has been con-*  
19 *victed of any offense under any Federal or State law*  
20 *involving the possession or sale of a controlled sub-*  
21 *stance shall not be eligible to receive any grant, loan,*  
22 *or work assistance under this title during the period*  
23 *beginning on the date of such conviction and ending*  
24 *after the interval specified in the following table:*

**“If convicted of an offense involving:****The possession of a controlled substance:**

<i>First offense</i> .....	<i>1 year</i>
<i>Second offense</i> .....	<i>2 years</i>
<i>Third offense</i> .....	<i>Indefinite.</i>

**Ineligibility period is:****The sale of a controlled substance:**

<i>First offense</i> .....	<i>2 years</i>
<i>Second offense</i> .....	<i>Indefinite.</i>

**Ineligibility period is:**

1           “(2) *REHABILITATION.*—*A student whose eligi-*  
2           *bility has been suspended under paragraph (1) may*  
3           *resume eligibility before the end of the ineligibility pe-*  
4           *riod determined under such paragraph if the student*  
5           *satisfactorily completes a drug rehabilitation program*  
6           *that complies with such criteria as the Secretary shall*  
7           *prescribe in regulations for purposes of this para-*  
8           *graph.*

9           “(3) *DEFINITIONS.*—*In this subsection, the term*  
10          *‘controlled substance’ has the meaning given the term*  
11          *in section 102(6) of the Controlled Substances Act (21*  
12          *U.S.C. 802(6)).”.*

13          **(b) *EFFECTIVE DATE.***—*The amendment made by sub-*  
14          *section (a)(2) regarding suspension of eligibility for drug-*  
15          *related offenses, shall apply with respect to financial assist-*  
16          *ance to cover the costs of attendance for periods of enroll-*  
17          *ment beginning after the date of enactment of this Act.*

**18 SEC. 484. INSTITUTIONAL REFUNDS.**

19          *Section 484B (20 U.S.C. 1091b) is amended—*

20                 *(1) in subsection (b)—*



1           (A) in paragraph (1), by inserting “or”  
2 after the semicolon;

3           (B) by striking paragraph (2); and

4           (C) by redesignating paragraph (3) as  
5 paragraph (2); and  
6 (2) in subsection (c)—

7           (A) in paragraph (1), by striking “last day  
8 of attendance by the student” and inserting “day  
9 the student withdrew”;

10           (B) in subparagraph (A) of paragraph (2),  
11 by striking “last recorded day of attendance by  
12 the student” and inserting “day the student  
13 withdrew”; and

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

15           “(3) For the purpose of this section, the term  
16 ‘day a student withdrew’—

17           “(A) is the date that was the last recorded  
18 day of attendance by the student; or

19           “(B) in instances where attendance is not  
20 recorded, is the date on which—

21           “(i) the student began the withdrawal  
22 process prescribed by the institution; or

23           “(ii) the student otherwise provided no-  
24 tification to the institution of the intent to  
25 withdraw.”.

1 **SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-**  
2 **FORMATION FOR STUDENTS.**

3 (a) *INFORMATION DISSEMINATION ACTIVITIES.*—Sec-  
4 *tion 485(a) (20 U.S.C. 1092(a)) is amended—*

5 (1) *in paragraph (1)—*

6 (A) *in the second sentence, by striking “and*  
7 *mailings, to all current” and inserting “, mail-*  
8 *ings, and electronic media, to all enrolled”;*

9 (B) *by inserting after the second sentence*  
10 *the following: “Each eligible institution annually*  
11 *shall provide to all students enrolled at the insti-*  
12 *tution, a list of the information that is required*  
13 *by this section, together with a statement of the*  
14 *procedures required to obtain the information.”;*

15 (C) *in subparagraph (M)(ii), by striking*  
16 *“and” after the semicolon;*

17 (D) *in subparagraph (N), by striking the*  
18 *period and inserting “; and”; and*

19 (E) *by adding at the end the following:*

20 “(O) *the requirements and procedures for*  
21 *student withdrawal prior to the end of a period*  
22 *of enrollment and the consequences to the stu-*  
23 *dent, with respect to receipt of a refund, of the*  
24 *student’s failing to provide notification of with-*  
25 *drawal.”;*

1           (2) in paragraph (2), by inserting “an applica-  
2           tion for” after “concerning”; and

3           (3) in paragraph (3), by amending subpara-  
4           graph (A) to read as follows:

5                   “(A) shall be made available by July 1 each  
6                   year to current and prospective students prior to  
7                   enrolling or entering into any financial obliga-  
8                   tion; and”.

9           (b) *EXIT COUNSELING FOR BORROWERS.*—Section  
10 485(b) (20 U.S.C. 1092(b)) is amended—

11           (1) in paragraph (1)(A), by striking “(individ-  
12           ually or in groups)”; and

13           (2) in paragraph (2), by adding at the end the  
14           following:

15                   “(C) Nothing in this subsection shall be construed to  
16                   prohibit an institution of higher education from utilizing  
17                   electronic means to provide personalized exit counseling.”.

18           (c) *DISCLOSURES REQUIRED WITH RESPECT TO ATH-*  
19 *LETICALLY RELATED STUDENT AID.*—Section 485(e) (20  
20 U.S.C. 1092(e)) is amended—

21           (1) by amending paragraph (2) to read as fol-  
22           lows:

23                   “(2) When an institution described in paragraph  
24                   (1) offers a potential student athlete athletically relat-  
25                   ed student aid, such institution shall provide to the

1        *student, the student’s parents, the student’s guidance*  
2        *counselor, and the student’s coach the information*  
3        *contained in the report submitted by such institution*  
4        *pursuant to paragraph (1). If the institution is a*  
5        *member of a national collegiate athletic association*  
6        *that compiles graduation rate data on behalf of its*  
7        *member institutions, that the Secretary determines is*  
8        *substantially comparable to the information described*  
9        *in the previous sentence, the distribution of the com-*  
10       *pilement to all secondary schools shall fulfill the re-*  
11       *sponsibility of the institution to provide the informa-*  
12       *tion to a prospective student athlete’s guidance coun-*  
13       *selor and coach.”; and*

14                *(2) by amending paragraph (9) to read as fol-*  
15       *lows:*

16                *“(9) The reports required by this subsection shall*  
17       *be due each July 1 and shall cover the 1-year period*  
18       *ending August 31 of the preceding year.”.*

19        *(d) DISCLOSURE OF CAMPUS SECURITY POLICY AND*  
20       *CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C.*  
21       *1092(f)) is amended—*

22                *(1) by amending subparagraph (F) of paragraph*  
23       *(1) to read as follows:*

24                *“(F) Statistics concerning the occurrence on*  
25       *campus, during the most recent calendar year,*

1           *and during the 2 preceding calendar years for*  
2           *which data are available—*

3                   “(i) of the following criminal offenses  
4                   *reported to campus security authorities or*  
5                   *local police agencies—*

6                           “(I) *homicide, including murder*  
7                           *or nonnegligent manslaughter or neg-*  
8                           *ligent manslaughter;*

9                           “(II) *sex offenses, forcible or non-*  
10                          *forcible;*

11                          “(III) *robbery;*

12                          “(IV) *aggravated assault;*

13                          “(V) *burglary;*

14                          “(VI) *motor vehicle theft; and*

15                          “(VII) *arson;*

16                          “(ii) *of the crimes described in sub-*  
17                          *clauses (I) through (VII), and vandalism*  
18                          *and simple assault, that manifest evidence*  
19                          *of prejudice based on actual or perceived*  
20                          *race, gender, religion, sexual orientation,*  
21                          *ethnicity, or disability that are reported to*  
22                          *campus security authorities or local police*  
23                          *agencies, which data shall be collected and*  
24                          *reported according to category of preju-*  
25                          *dice.”;*

1           (2) by redesignating paragraphs (4) through (7)  
2 as paragraphs (5) through (8), respectively;

3           (3) by inserting after paragraph (3) the follow-  
4 ing:

5           “(4)(A) Each institution participating in any  
6 program under this title which maintains either a po-  
7 lice or security department of any kind shall make,  
8 keep, and maintain a daily log, written in a form  
9 that can be easily understood, recording all crimes re-  
10 ported to such police or security department, includ-  
11 ing—

12                   “(i) the nature, date, time, and general lo-  
13 cation of each crime; and

14                   “(ii) the disposition of the complaint, if  
15 known.

16           “(B)(i) All entries that are required pursuant to  
17 this paragraph shall, except where disclosure of such  
18 information is prohibited by law or such disclosure  
19 would jeopardize the confidentiality of the victim, be  
20 open to public inspection within 2 business days of  
21 the initial report being made to the department or a  
22 campus security authority.

23                   “(ii) If new information about an entry into a  
24 log becomes available to a police or security depart-  
25 ment, then the new information shall be recorded in

1       *the log not later than 2 business days after the infor-*  
2       *mation becomes available to the police or security de-*  
3       *partment.*

4               “(iii) Where there is clear and convincing evi-  
5       *dence that the release of such information would jeop-*  
6       *ardize an ongoing criminal investigation or the safety*  
7       *of an individual, cause a suspect to flee or evade de-*  
8       *tection, or result in the destruction of evidence, such*  
9       *information may be withheld until that damage is no*  
10       *longer likely to occur from the release of such infor-*  
11       *mation.*

12               “(iv) Notwithstanding clause (iii), an institution  
13       *of higher education shall record all criminal incidents*  
14       *occurring on campus and shall make the reports open*  
15       *to public inspection not later than 2 business days*  
16       *after the requirements of clause (iii) are met.”;*

17               (4) *in paragraph (7) (as redesignated by sub-*  
18       *paragraph (B)), by inserting at the end the following:*  
19       *“Such statistics shall not identify victims of crimes or*  
20       *persons accused of crimes, except as permitted by*  
21       *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 sub-*  
5           *paragraph (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 and—*

14                           “(I) *how the individuals are*  
15                           *trained to respond to the reports; and*

16                           “(II) *the extent to which the indi-*  
17                           *viduals are trained;*

18                   “(iv) *the reporting options that are ar-*  
19                   *ticulated to the victim or victims of the sex-*  
20                   *ual assault regarding—*

21                           “(I) *on-campus reporting and*  
22                           *procedure options; and*

23                           “(II) *off-campus reporting and*  
24                           *procedure options;*



1           “(v) the resources available for victims’  
2           safety, support, medical health, and con-  
3           fidentiality, including—

4                   “(I) how well the resources are ar-  
5                   ticated both specifically to the victim  
6                   of sexual assault and generally to the  
7                   campus at large; and

8                   “(II) the security of the resources  
9                   in terms of confidentiality or reputa-  
10                  tion;

11           “(vi) policies and practices that may  
12           prevent or discourage the reporting of cam-  
13           pus sexual assaults to local crime authori-  
14           ties, or that may otherwise obstruct justice  
15           or interfere with the prosecution of per-  
16           petrators 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 run-  
4                   ning the disciplinary procedure and  
5                   the persons allowed to attend the dis-  
6                   ciplinary procedure; and

7                   “(ix) types of punishment for offenders,  
8                   including—

9                   “(I) whether the case is directed  
10                  outside for further punishment; and

11                  “(II) how the institution punishes  
12                  perpetrators.

13                  “(C) *SUBMISSION OF REPORT.*—The report  
14                  required by subparagraph (B) shall be submitted  
15                  to Congress not later than September 1, 1999.

16                  “(D) *DEFINITION.*—For purposes of this  
17                  section, the term ‘campus sexual assaults’ means  
18                  sexual assaults occurring at institutions of high-  
19                  er education and sexual assaults committed  
20                  against or by students or employees of such insti-  
21                  tutions.

22                  “(E) *AUTHORIZATION OF APPROPRIA-*  
23                  *TIONS.*—There is authorized to be appropriated  
24                  to carry out this section \$1,000,000 for fiscal  
25                  year 1999.”.

1       (e) *DATA REQUIRED.*—Section 485(g) (20 U.S.C.  
2 1092(g)) is amended—

3           (1) in paragraph (1), by adding at the end the  
4 following:

5           “(I)(i) *The total revenues, and the revenues*  
6 *from football, men’s basketball, women’s basket-*  
7 *ball, all other men’s sports combined, and all*  
8 *other women’s sports combined, derived by the*  
9 *institution from the institution’s intercollegiate*  
10 *athletics activities.*

11           “(ii) *For the purpose of clause (i) revenues*  
12 *from intercollegiate athletics activities allocable*  
13 *to a sport shall include, without limitation, gate*  
14 *receipts, broadcast revenues, appearance guaran-*  
15 *tees and options, concessions and advertising, ex-*  
16 *cept that revenues such as student activities fees*  
17 *or alumni contributions not so allocable shall be*  
18 *included in the calculation of total revenues*  
19 *only.*

20           “(J)(i) *The total expenses, and the expenses*  
21 *attributable to football, men’s basketball, wom-*  
22 *en’s basketball, all other men’s sports combined*  
23 *and all other women’s sports combined, made by*  
24 *the institution for the institution’s intercollegiate*  
25 *athletics activities.*

1           “(i) For the purpose of clause (i) expenses  
2           for intercollegiate athletics activities allocable to  
3           a sport shall include without limitation grants-  
4           in-aid, salaries, travel, equipment, and supplies,  
5           except that expenses such as general and admin-  
6           istrative overhead not so allocable shall be in-  
7           cluded in the calculation of total expenses only.

8           “(K) A statement of any reduction that  
9           will, or is likely to, occur during the ensuing 4  
10          academic years in the number of athletes that  
11          will be permitted to participate in any collegiate  
12          sport, or in the financial resources that the insti-  
13          tution will make available for any such sport,  
14          and the reasons for any such reduction, to the  
15          extent the reduction is known.”;

16          (2) by striking paragraph (5);

17          (3) by redesignating paragraph (4) as para-  
18          graph (5); and

19          (4) by inserting after paragraph (3) the follow-  
20          ing:

21               “(4) SUBMISSION; REPORT; INFORMATION AVAIL-  
22               ABILITY.—(A) Each institution of higher education  
23               described in paragraph (1) shall provide to the Sec-  
24               retary, within 15 days of the date that the institution

1       *makes available the report under paragraph (1), the*  
2       *information contained in the report.*

3               “(B) *The Secretary shall prepare a report re-*  
4       *garding the information received under subparagraph*  
5       *(A) for each year by April 1 of the year. The report*  
6       *shall—*

7                       “(i) *summarize the information and iden-*  
8       *tify trends in the information;*

9                       “(ii) *aggregate the information by divisions*  
10       *of the National Collegiate Athletic Association;*  
11       *and*

12                      “(iii) *contain information on each individ-*  
13       *ual institution of higher education.*

14               “(C) *The Secretary shall ensure that the report*  
15       *described in subparagraph (B) is made available on*  
16       *the Internet within a reasonable period of time.*

17               “(D) *The Secretary shall notify, not later than*  
18       *180 days after the date of enactment of the Higher*  
19       *Education Amendments of 1998, all secondary schools*  
20       *in all States regarding the availability of the infor-*  
21       *mation reported under subparagraph (B) and the in-*  
22       *formation made available under paragraph (1), and*  
23       *how such information may be accessed.”.*

1           (f) *GEPA AMENDMENT.*—Section 444(a)(4)(B) of the  
2 *General Education Provisions Act* (20 U.S.C.  
3 *1232g(a)(4)(B)*) is amended—

4           (1) *by redesignating clauses (iii) and (iv) as*  
5 *clauses (iv) and (v), respectively; and*

6           (2) *by inserting after clause (ii) the following:*

7                   “(iii) *records that are maintained by*  
8 *local police or campus security officers of an*  
9 *educational agency or institution about—*

10                           “(I) *individuals who have been*  
11 *found guilty of, or have pled guilty to,*  
12 *committing or participating in any*  
13 *criminal activity as defined in Fed-*  
14 *eral, State, or local law that has oc-*  
15 *curred while the individual was a stu-*  
16 *dent in attendance, including audit or*  
17 *noncredit, at an educational institu-*  
18 *tion; and*

19                           “(II) *findings of guilt of criminal*  
20 *misconduct and related sanctions from*  
21 *any previously attended educational*  
22 *agencies or institutions where such*  
23 *records were created on or after Sep-*  
24 *tember 1, 1999, and that are main-*  
25 *tained by the institution currently or*

1                    *most recently attended by the individ-*  
 2                    *ual;*”.

3 **SEC. 486. NATIONAL STUDENT LOAN DATA BANK SYSTEM.**

4            *Section 485B (20 U.S.C. 1092b) is amended by adding*  
 5 *at the end the following:*

6            *“(h) STUDENT STATUS CONFIRMATION REPORT.—In*  
 7 *order to reduce unnecessary paperwork and to increase the*  
 8 *efficient administration, the Secretary shall assure that bor-*  
 9 *rowers under part E are included in the Student Status*  
 10 *Confirmation Report in the same manner as borrowers*  
 11 *under parts B and D.”.*

12 **SEC. 487. TRAINING IN FINANCIAL AID SERVICES.**

13            *Section 486 (20 U.S.C. 1093) is amended to read as*  
 14 *follows:*

15 **“SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDU-**  
 16 **CATION.**

17            *“(a) IN GENERAL.—For the purpose of providing com-*  
 18 *parative information to families about the costs of higher*  
 19 *education—*

20                    *“(1) the National Center for Education Statistics*  
 21 *shall—*

22                            *“(A) develop a standard definition for the*  
 23 *following data elements:*

24                                    *“(i) Tuition and fees.*

1           “(ii) *Total cost of attendance, includ-*  
2           *ing costs such as housing, books, supplies,*  
3           *and transportation.*

4           “(iii) *Average amount of financial as-*  
5           *istance received by a student who attends*  
6           *an institution of higher education, in terms*  
7           *of the following:*

8                       “(I) *Grants and loans.*

9                       “(II) *Institutional and other as-*  
10                      *sistance.*

11           “(iv) *Percentage of students receiving*  
12           *student financial assistance, in terms of the*  
13           *following:*

14                      “(I) *Grants and loans.*

15                      “(II) *Institutional and other as-*  
16                      *sistance;*

17           “(B) *report the definitions to each institu-*  
18           *tion of higher education and the Committee on*  
19           *Labor and Human Resources of the Senate and*  
20           *the Committee on Education and the Workforce*  
21           *of the House of Representatives not later than 90*  
22           *days after the date of enactment of the Higher*  
23           *Education Amendments of 1998;*

24           “(C) *collect information regarding the data*  
25           *elements described in subparagraph (A) with re-*



1           *spect to all institutions of higher education, and*  
2           *make available the information each year in a*  
3           *timely fashion through the integrated postsecond-*  
4           *ary education data system, beginning with the*  
5           *information from the 1999–2000 academic year;*

6           “(D) *provide the public notice when the in-*  
7           *formation described in subparagraph (C) is*  
8           *available for public inspection; and*

9           “(E) *publish in a timely fashion a report*  
10          *after the third year of collection of the informa-*  
11          *tion described in subparagraph (C) that com-*  
12          *pare the information described in subparagraph*  
13          *(C) longitudinally by institution, which infor-*  
14          *mation shall be presented in a form that is eas-*  
15          *ily understandable, including clear definitions of*  
16          *the data elements described in subparagraph (A),*  
17          *to allow parents and students to make informed*  
18          *decisions about attending college; and*

19          “(2) *institutions of higher education shall pro-*  
20          *vide information regarding each data element de-*  
21          *scribed in paragraph (1)(A) to the National Center*  
22          *for Education Statistics by March 1 of each year, be-*  
23          *ginning in the year 2000.*

24          “(b) *STUDY.—*

1           “(1) *IN GENERAL.*—*In consultation with the Bu-*  
2           *reau of Labor Statistics, the National Center for Edu-*  
3           *cation Statistics shall conduct a national study of ex-*  
4           *penditures at institutions of higher education. Such*  
5           *study shall include information about—*

6                     “(A) *expenditures for—*

7                             “(i) *faculty salaries and benefits;*

8                             “(ii) *administrative salaries, benefits,*  
9                     *and expenses;*

10                            “(iii) *academic support services;*

11                            “(iv) *research;*

12                            “(v) *construction; and*

13                            “(vi) *technology;*

14                     “(B) *how such expenditures change over*  
15           *time; and*

16                     “(C) *how such expenditures relate to college*  
17           *costs.*

18           “(2) *FINAL REPORT.*—*The National Center for*  
19           *Education Statistics shall submit a report regarding*  
20           *the findings of the study required by paragraph (1)*  
21           *to the Committee on Labor and Human Resources of*  
22           *the Senate and the Committee on Education and the*  
23           *Workforce of the House of Representatives not later*  
24           *than September 30, 2001.*

1           “(c) *HIGHER EDUCATION MARKET BASKET.*—*In con-*  
2 *sultation with the Bureau of Labor Statistics, the National*  
3 *Center for Education Statistics shall develop a Higher Edu-*  
4 *cation Market Basket that identifies the items that comprise*  
5 *the costs of higher education. The National Center for Edu-*  
6 *cation Statistics shall provide a report on the market basket*  
7 *to the Committee on Labor and Human Resources of the*  
8 *Senate and the Committee on Education and the Workforce*  
9 *of the House of Representatives not later than September*  
10 *30, 2002.*

11           “(d) *FINES.*—*In addition to the actions authorized in*  
12 *section 487(c), the Secretary may impose a fine in an*  
13 *amount not to exceed \$25,000 on an institution of higher*  
14 *education for failure to provide the information described*  
15 *in subsection (a)(2) in a timely or accurate manner, or for*  
16 *failure to otherwise cooperate with the National Center for*  
17 *Education Statistics regarding efforts to obtain data on the*  
18 *cost of higher education under such subsection.”.*

19 **SEC. 488. PROGRAM PARTICIPATION AGREEMENTS.**

20           *Section 487 (20 U.S.C. 1094) is amended—*

21                   *(1) in subsection (a)—*

22                           *(A) in paragraph (3)—*

23                                   *(i) by striking subparagraph (B); and*

- 1                   (ii) by redesignating subparagraphs  
2                   (C) and (D) as subparagraphs (B) and (C),  
3                   respectively;  
4                   (B) in paragraph (9), by striking “part B”  
5                   and inserting “part B or D”;  
6                   (C) in paragraph (14)—  
7                   (i) in subparagraph (A), by striking  
8                   “part B” and inserting “part B or D”; and  
9                   (ii) in subparagraph (B)—  
10                   (I) by inserting “for-profit” after  
11                   “Any”;  
12                   (II) by striking “and any eligible  
13                   institution which” and inserting “or”;  
14                   and  
15                   (III) by striking “part B” and in-  
16                   serting “part B or D”;  
17                   (D) in paragraph (15), by striking “State  
18                   review entities” and inserting “the State agen-  
19                   cies”;  
20                   (E) by striking paragraph (18);  
21                   (F) by redesignating paragraphs (19)  
22                   through (22) as paragraphs (18) through (21),  
23                   respectively; and  
24                   (G) by amending paragraph (20) (as redес-  
25                   ignated by subparagraph (F)) to read as follows:

1           “(20) *The institution will meet the requirements*  
 2           *established by the Secretary and accrediting agencies*  
 3           *or associations, and will provide evidence to the Sec-*  
 4           *retary that the institution has the authority to oper-*  
 5           *ate within a State.”; and*

6           (2) *in subsection (c)—*

7           (A) *in paragraph (1)(A)(i), by striking*  
 8           *“State review entities referred to in” and insert-*  
 9           *ing “appropriate State agency notifying the Sec-*  
 10           *retary under”;*

11           (B) *in paragraph (4), by striking “, after*  
 12           *consultation with each State review entity des-*  
 13           *ignated under subpart 1 of part H,”; and*

14           (C) *in paragraph (5), by striking “State re-*  
 15           *view entities designated” and inserting “State*  
 16           *agencies notifying the Secretary”.*

17 **SEC. 489. REGULATORY RELIEF AND IMPROVEMENT.**

18           *Section 487A (20 U.S.C. 1094a) is amended to read*  
 19 *as follows:*

20 **“SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.**

21           “(a) **QUALITY ASSURANCE PROGRAM.—**

22           “(1) **IN GENERAL.—***The Secretary is authorized*  
 23           *to select institutions for voluntary participation in a*  
 24           *Quality Assurance Program that provides participat-*  
 25           *ing institutions with an alternative management ap-*

1        *proach through which individual schools develop and*  
2        *implement their own comprehensive systems, includ-*  
3        *ing processing and disbursement of student financial*  
4        *aid, verification of student financial aid application*  
5        *data, and entrance and exit interviews, thereby en-*  
6        *hancing program integrity within the student aid de-*  
7        *livery system. The Quality Assurance Program au-*  
8        *thorized by this section shall be based on criteria that*  
9        *include demonstrated institutional performance, as*  
10       *determined by the Secretary, and shall take into con-*  
11       *sideration current quality assurance goals, as deter-*  
12       *mined by the Secretary.*

13            *“(2) WAIVER.—The Secretary is authorized to*  
14        *waive for any institution participating in the Qual-*  
15        *ity Assurance Program any regulations dealing with*  
16        *reporting or verification requirements in this title*  
17        *that are addressed by the institution’s alternative*  
18        *management system, and may substitute such quality*  
19        *assurance reporting as the Secretary determines nec-*  
20        *essary to ensure accountability and compliance with*  
21        *the purposes of the programs under this title.*

22            *“(3) DETERMINATION.—The Secretary is author-*  
23        *ized to determine—*

1           “(A) when an institution that is unable to  
2           administer the Quality Assurance Program shall  
3           be removed from such program; and

4           “(B) when institutions desiring to cease  
5           participation in such program will be required  
6           to complete the current award year under the re-  
7           quirements of the Quality Assurance Program.

8           “(4) *REVIEW AND EVALUATION.*—The Secretary  
9           shall review and evaluate the Quality Assurance Pro-  
10          gram conducted by each participating institution  
11          and, on the basis of that evaluation, make rec-  
12          ommendations regarding amendments to this Act that  
13          will streamline the administration and enhance the  
14          integrity of Federal student assistance programs.  
15          Such recommendations shall be submitted to the Com-  
16          mittee on Labor and Human Resources of the Senate  
17          and the Committee on Education and the Workforce  
18          of the House of Representatives.

19          “(b) *REGULATORY IMPROVEMENT AND STREAMLINING*  
20          *EXPERIMENTS.*—

21                 “(1) *IN GENERAL.*—The Secretary shall review  
22                 and evaluate the experience of institutions participat-  
23                 ing as experimental sites during the period of 1993  
24                 through 1998 under this section (as such section was  
25                 in effect on the day before the date of enactment of

1 *the Higher Education Amendments of 1998), and*  
2 *shall submit a report based on this review and eval-*  
3 *uation to the Committee on Labor and Human Re-*  
4 *sources of the Senate and the Committee on Edu-*  
5 *cation and the Workforce of the House of Representa-*  
6 *tives not later than 6 months after the enactment of*  
7 *the Higher Education Amendments of 1998. Such re-*  
8 *port shall include—*

9 *“(A) a list of participating institutions and*  
10 *the specific statutory or regulatory waivers*  
11 *granted to each institution;*

12 *“(B) the findings and conclusions reached*  
13 *regarding each of the experiments conducted; and*

14 *“(C) recommendations for amendments to*  
15 *improve and streamline this Act, based on the*  
16 *results of the experiment.*

17 *“(2) SELECTION.—*

18 *“(A) IN GENERAL.—The Secretary is au-*  
19 *thorized to select a limited number of institu-*  
20 *tions for voluntary participation as experi-*  
21 *mental sites to provide recommendations to the*  
22 *Secretary on the impact and effectiveness of pro-*  
23 *posed regulations or new management initia-*  
24 *tives, except that additional institutions may not*  
25 *be selected by the Secretary until the report re-*



1           *quired by subsection (b)(1) has been submitted to*  
2           *Congress.*

3           “(B) *CONSULTATION.*—*Prior to approving*  
4           *any additional experimental sites, the Secretary*  
5           *shall consult with the Committee on Labor and*  
6           *Human Resources of the Senate and the Com-*  
7           *mittee on Education and the Workforce of the*  
8           *House of Representatives and shall provide—*

9                   “(i) *a list of institutions proposed for*  
10                   *participation in the experiment and the*  
11                   *specific statutory or regulatory waivers pro-*  
12                   *posed to be granted to each institution;*

13                   “(ii) *the objectives to be achieved*  
14                   *through the experiment; and*

15                   “(iii) *the period of time over which the*  
16                   *experiment is to be conducted.*

17           “(C) *WAIVERS.*—*The Secretary is author-*  
18           *ized to waive, for any institution participating*  
19           *as an experimental site under subparagraph (A),*  
20           *any requirements in this title, or regulations*  
21           *prescribed under this title, that will bias experi-*  
22           *mental results.*

23           “(c) *DEFINITIONS.*—*For purposes of this section, the*  
24           *term ‘current award year’ is defined as the award year dur-*

1 *ing which the participating institution indicates the insti-*  
 2 *tution's intention to cease participation.”.*

3 **SEC. 489A. DISTANCE EDUCATION DEMONSTRATION PRO-**  
 4 **GRAMS.**

5 *Part G (20 U.S.C. 1088 et seq.) is amended by insert-*  
 6 *ing after section 487B (20 U.S.C. 1094a) the following:*

7 **“SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PRO-**  
 8 **GRAMS.**

9 *“(a) PURPOSE.—It is the purpose of this section—*

10 *“(1) to allow demonstration programs that are*  
 11 *strictly monitored by the Department to test the qual-*  
 12 *ity and viability of expanded distance education pro-*  
 13 *grams currently restricted under this Act;*

14 *“(2) to help determine the specific statutory and*  
 15 *regulatory requirements which should be altered to*  
 16 *provide greater access to high quality distance edu-*  
 17 *cation programs; and*

18 *“(3) to help determine the appropriate level of*  
 19 *Federal assistance for students enrolled in distance*  
 20 *education programs.*

21 *“(b) DEMONSTRATION PROGRAMS AUTHORIZED.—*

22 *“(1) IN GENERAL.—The Secretary, in accordance*  
 23 *with the provisions of subsection (d), is authorized to*  
 24 *select institutions of higher education or consortia of*  
 25 *such institutions for voluntary participation in a*

1       *Distance Education Demonstration Program that*  
2       *provides participating institutions with the ability to*  
3       *offer distance education programs that do not meet all*  
4       *or a portion of the sections or regulations described*  
5       *in paragraph (2).*

6               “(2) *WAIVERS.—The Secretary is authorized to*  
7       *waive, for any institution or consortia participating*  
8       *in a Distance Education Demonstration Program, 1*  
9       *or more of the requirements of section 472(5) as the*  
10       *section relates to computer costs, sections 472(10),*  
11       *481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of*  
12       *the regulations prescribed for distance education*  
13       *under part F or G.*

14               “(3) *SPECIAL RULE.—An institution of higher*  
15       *education, as defined in section 481(a), is eligible to*  
16       *participate in the demonstration program authorized*  
17       *under this section if such institution awards a degree,*  
18       *except that—*

19                       “(A) *such institutions that are described in*  
20       *section 481(a)(1)(C) shall not be eligible to par-*  
21       *ticipate; and*

22                       “(B) *subject to subparagraph (A), such in-*  
23       *stitutions that meet the requirements of sub-*  
24       *section (a) of section 481, other than the require-*

1           *ments of paragraph (3)(A) or (3)(B) of such sub-*  
2           *section, shall be eligible to participate.*

3           “(c) *APPLICATION.—*

4           “(1) *IN GENERAL.—Each institution or consortia*  
5           *of institutions desiring to participate in a demonstra-*  
6           *tion program under this section shall submit an ap-*  
7           *plication to the Secretary at such time and in such*  
8           *manner as the Secretary may require.*

9           “(2) *CONTENTS.—Each application shall in-*  
10          *clude—*

11           “(A) *a description of the institution or con-*  
12           *sortium’s consultation with a recognized accred-*  
13           *iting agency or association with respect to qual-*  
14           *ity assurances for the distance education pro-*  
15           *grams to be offered;*

16           “(B) *a description of the statutory and reg-*  
17           *ulatory requirements described in subsection*  
18           *(b)(2) for which a waiver is sought and the rea-*  
19           *sons for which the waiver is sought;*

20           “(C) *a description of the distance education*  
21           *programs to be offered;*

22           “(D) *a description of the students to whom*  
23           *distance education programs will be offered;*

24           “(E) *an assurance that the institution or*  
25           *consortium will offer full cooperation with the*

1            *ongoing evaluations of the demonstration pro-*  
2            *gram provided for in this section; and*

3            *“(F) such other information as the Sec-*  
4            *retary may require.*

5            *“(d) SELECTION.—The Secretary is authorized to se-*  
6            *lect not more than 5 institutions or consortia to participate*  
7            *in the initial year of the demonstration program authorized*  
8            *under this section. If expansion of the demonstration pro-*  
9            *gram can be supported on the basis of the evaluations con-*  
10           *ducted pursuant to subsections (f) and (g), the Secretary*  
11           *may select not more than 10 additional institutions or con-*  
12           *sortia, taking into account the number and quality of ap-*  
13           *plications received and the Department’s capacity to oversee*  
14           *and monitor each demonstration program. To the extent*  
15           *feasible, the Secretary shall select a representative sample*  
16           *of institutions for participation. In selecting institutions*  
17           *for participation, the Secretary shall take into consider-*  
18           *ation the institution’s financial and administrative capa-*  
19           *bility and the type of program or programs being offered*  
20           *via distance education course offerings.*

21           *“(e) NOTIFICATION.—The Secretary shall make avail-*  
22           *able to the public and to the Committee on Labor and*  
23           *Human Resources of the Senate and the Committee on Edu-*  
24           *cation and the Workforce of the House of Representatives*  
25           *a list of institutions or consortia selected to participate in*

1 *the demonstration program authorized by this section. Such*  
2 *notice shall include a listing of the specific statutory and*  
3 *regulatory requirements being waived for each institution*  
4 *or consortia and a description of the distance education*  
5 *courses to be offered.*

6 “(f) *EVALUATIONS AND REPORTS.*—

7 “(1) *EVALUATION.*—*The Secretary, on an an-*  
8 *ual basis, shall evaluate the demonstration programs*  
9 *authorized under this section. Such evaluations shall*  
10 *specifically review—*

11 “(A) *the number and types of students par-*  
12 *ticipating in the programs being offered, includ-*  
13 *ing the progress of participating students toward*  
14 *recognized associate, bachelor’s, or graduate de-*  
15 *grees, and the degree to which participation in*  
16 *such programs increased;*

17 “(B) *issues related to student financial as-*  
18 *sistance for distance education; and*

19 “(C) *the extent to which statutory or regu-*  
20 *latory requirements not waived under the dem-*  
21 *onstration program present difficulties for stu-*  
22 *dents or institutions.*

23 “(2) *POLICY ANALYSIS.*—*In addition, the Sec-*  
24 *retary shall review current policies and identify those*  
25 *policies which present impediments to the develop-*

1 *ment and use of distance education and other non-*  
2 *traditional methods of expanding access to education.*

3 “(3) *REPORTS.*—

4 “(A) *IN GENERAL.*—*Within 18 months of*  
5 *the initiation of the demonstration program, the*  
6 *Secretary shall report to the Committee on Labor*  
7 *and Human Resources of the Senate and the*  
8 *Committee on Education and the Workforce of*  
9 *the House of Representatives with respect to—*

10 “(i) *the evaluations of the demonstra-*  
11 *tion programs authorized under this section;*  
12 *and*

13 “(ii) *any proposed statutory changes*  
14 *designed to enhance the use of distance edu-*  
15 *cation.*

16 “(B) *ADDITIONAL REPORTS.*—*The Secretary*  
17 *shall provide additional reports to the Committee*  
18 *on Labor and Human Resources of the Senate*  
19 *and the Committee on Education and the Work-*  
20 *force of the House of Representatives on an an-*  
21 *annual basis regarding the demonstration pro-*  
22 *grams authorized under this section.*

23 “(g) *INDEPENDENT EVALUATION.*—

24 “(1) *IN GENERAL.*—*The Secretary shall enter*  
25 *into a contract with the National Academy of*

1     *Sciences to study the quality of and student learning*  
2     *outcomes in distance education programs. Such study*  
3     *shall include—*

4             “(A) *identification of the elements by which*  
5             *quality in distance education can be assessed,*  
6             *such as subject matter, interactivity, and student*  
7             *outcomes; and*

8             “(B) *identification of the types of students*  
9             *which can most benefit from distance education*  
10            *in areas such as access to higher education, per-*  
11            *sistence, and graduation.*

12            “(2) *SCOPE.—Such study shall include distance*  
13            *education programs offered by the institutions or con-*  
14            *sortia participating in the demonstration program*  
15            *authorized by this section, as well as the distance edu-*  
16            *cation programs offered by other institutions.*

17            “(3) *INTERIM AND FINAL REPORTS.—The Sec-*  
18            *retary shall request that the National Academy of*  
19            *Sciences submit an interim report to the Secretary,*  
20            *the Committee on Labor and Human Resources of the*  
21            *Senate, and the Committee on Education and the*  
22            *Workforce of the House of Representatives not later*  
23            *than December 31, 2000, and a final report not later*  
24            *than December 31, 2002, regarding the study.*



1           “(4) *FUNDING.*—*The Secretary shall make avail-*  
2           *able not more than \$1,000,000 for the study required*  
3           *by this subsection.*

4           “(h) *OVERSIGHT.*—*In conducting the demonstration*  
5           *program authorized under this section, the Secretary shall,*  
6           *on a continuing basis—*

7           “(1) *assure compliance of institutions or consor-*  
8           *tia with the requirements of this title (other than the*  
9           *sections and regulations that are waived under sub-*  
10           *section (b)(2));*

11           “(2) *provide technical assistance;*

12           “(3) *monitor fluctuations in the student popu-*  
13           *lation enrolled in the participating institutions or*  
14           *consortia; and*

15           “(4) *consult with appropriate accrediting agen-*  
16           *cies or associations and appropriate State regulatory*  
17           *authorities.*

18           “(i) *DEFINITION.*—*For the purpose of this section, the*  
19           *term ‘distance education’ means an educational process that*  
20           *is characterized by the separation, in time or place, between*  
21           *instructor and student. Distance education may include*  
22           *courses offered principally through the use of—*

23           “(1) *television, audio, or computer transmission,*  
24           *such as open broadcast, closed circuit, cable, micro-*  
25           *wave, or satellite transmission;*

1           “(2) audio or computer conferencing;

2           “(3) video cassettes or discs; or

3           “(4) correspondence.”.

4 **SEC. 489B. ADVISORY COMMITTEE ON STUDENT FINANCIAL**  
5 **ASSISTANCE.**

6           Section 491 (20 U.S.C. 1098) is amended—

7           (1) in subsection (b)—

8                   (A) in the second sentence, by striking “and  
9                   expenditures” and inserting “, expenditures and  
10                   staffing levels”; and

11                   (B) by inserting after the third sentence the  
12                   following: “Reports, publications, and other doc-  
13                   uments, including such reports, publications,  
14                   and documents in electronic form, shall not be  
15                   subject to review by the Secretary.”;

16           (2) in subsection (e)—

17                   (A) by redesignating paragraphs (3), (4),  
18                   and (5), as paragraphs (4), (5), and (6), respec-  
19                   tively; and

20                   (B) by inserting after paragraph (2) the fol-  
21                   lowing:

22                   “(3) No officers or full-time employees of the  
23                   Federal Government shall serve as members of the Ad-  
24                   visory Committee.”;

1           (3) *in subsection (g), by striking “(1) Members”*  
2 *and all that follows through “of the United States*  
3 *may” and inserting “Members of the Advisory Com-*  
4 *mittee may”;*

5           (4) *in subsection (h)(1)—*

6           (A) *by inserting “determined” after “as*  
7 *may be”;* and

8           (B) *by adding at the end the following:*

9           *“The Advisory Committee may appoint not more*  
10 *than 1 full-time equivalent, nonpermanent, con-*  
11 *sultant without regard to the provisions of title*  
12 *5, United States Code. The Advisory Committee*  
13 *shall not be required by the Secretary to reduce*  
14 *personnel to meet agency personnel reduction*  
15 *goals.”;*

16           (5) *in subsection (i), by striking “\$750,000” and*  
17 *inserting “\$800,000”;*

18           (6) *by amending subsection (j) to read as follows:*

19           *“(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advi-*  
20 *sory Committee shall—*

21           *“(1) monitor and evaluate the modernization of*  
22 *student financial aid systems and delivery processes,*  
23 *including the implementation of a performance-based*  
24 *organization within the Department, and report to*  
25 *Congress regarding such modernization on not less*

1 *than an annual basis, including recommendations for*  
2 *improvement;*

3 *“(2) assess the adequacy of current methods for*  
4 *disseminating information about programs under this*  
5 *title and recommend improvements, as appropriate,*  
6 *regarding early needs assessment and information for*  
7 *first-year secondary school students;*

8 *“(3) assess and make recommendations concern-*  
9 *ing the feasibility and degree of use of appropriate*  
10 *technology in the application for, and delivery and*  
11 *management of, financial assistance under this title,*  
12 *as well as policies that promote use of such technology*  
13 *to reduce cost and enhance service and program integ-*  
14 *egrity, including electronic application and reapplica-*  
15 *tion, just-in-time delivery of funds, reporting of dis-*  
16 *bursements and reconciliation;*

17 *“(4) assess the implications of distance education*  
18 *on student eligibility and other requirements for fi-*  
19 *nancial assistance under this title, and make rec-*  
20 *ommendations that will enhance access to postsecond-*  
21 *ary education through distance education while main-*  
22 *taining access, through on-campus instruction at eli-*  
23 *gible institutions, and program integrity; and*

24 *“(5) make recommendations to the Secretary re-*  
25 *garding redundant or outdated provisions of and reg-*

1 *ulations under this Act, consistent with the Sec-*  
 2 *retary's requirements under section 498A(b)(3).";*

3 *(7) in subsection (k), by striking "1998" and in-*  
 4 *serting "2004"; and*

5 *(8) by repealing subsection (l).*

6 **SEC. 489C. REGIONAL MEETINGS AND NEGOTIATED RULE-**  
 7 **MAKING.**

8 *Section 492 (20 U.S.C. 1098a) is amended—*

9 *(1) in subsection (a)—*

10 *(A) in paragraph (1)—*

11 *(i) by inserting “, after the enactment*  
 12 *of each Act to reauthorize this Act that con-*  
 13 *tains an amendment to this title,” after*  
 14 *“The Secretary”; and*

15 *(ii) by inserting “D,” after “B,”; and*

16 *(B) in paragraph (2)—*

17 *(i) by inserting “D,” after “B,”; and*

18 *(ii) by striking “1992” and inserting*  
 19 *“1998, and for the implementation of this*  
 20 *title as amended by each Act to reauthorize*  
 21 *this Act enacted after the date of enactment*  
 22 *of the Higher Education Amendments of*  
 23 *1998 that contains an amendment to this*  
 24 *title”; and*

25 *(2) in subsection (b)—*

1           (A) by striking “After” and inserting the  
2 following:

3           “(1) *IN GENERAL.—After*”;

4           (B) in paragraph (1) (as redesignated by  
5 subparagraph (A))—

6           (i) by inserting “D,” after “B,”; and

7           (ii) by striking “1992” and inserting  
8 “1998, and for the implementation of this  
9 title as amended by each Act to reauthorize  
10 this Act enacted after the date of enactment  
11 of the Higher Education Amendments of  
12 1998 that contains an amendment to this  
13 title,”; and

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

15           “(2) *EXPANSION OF NEGOTIATED RULEMAKING*  
16 *IN STUDENT LOAN PROGRAMS.—All regulations per-*  
17 *taining to the student assistance programs in parts*  
18 *B, D, G, and H, that are promulgated after the date*  
19 *of enactment of this paragraph, shall be subject to the*  
20 *negotiated rulemaking process, unless the Secretary*  
21 *determines that exceptional circumstances exist mak-*  
22 *ing negotiated rulemaking impractical with respect to*  
23 *given regulations and publishes the basis for such de-*  
24 *termination in the Federal Register at the same time*  
25 *as the proposed regulations in questions are first pub-*

1        *lished. All published proposed regulations shall con-*  
 2        *form, unless impracticable, to agreements resulting*  
 3        *from such negotiated rulemaking. Such negotiated*  
 4        *rulemaking shall be conducted in accordance with the*  
 5        *provisions of paragraph (1).”.*

6                **PART H—PROGRAM INTEGRITY TRIAD**

7        **SEC. 491. STATE ROLE AND RESPONSIBILITIES.**

8                *Subpart 1 of part H of title IV (20 U.S.C. 1099a et*  
 9        *seq.) is amended to read as follows:*

10                        **“Subpart 1—State Role**

11        **“SEC. 495. STATE RESPONSIBILITIES.**

12                *“(a) STATE RESPONSIBILITIES.—As part of the integ-*  
 13        *rity program authorized by this part, each State, through*  
 14        *1 State agency or several State agencies selected by the*  
 15        *State, shall—*

16                        *“(1) furnish the Secretary, upon request, infor-*  
 17        *mation with respect to the process for licensing or*  
 18        *other authorization for institutions of higher edu-*  
 19        *cation to operate within the State;*

20                        *“(2) notify the Secretary promptly whenever the*  
 21        *State revokes a license or other authority to operate*  
 22        *an institution of higher education; and*

23                        *“(3) notify the Secretary promptly whenever the*  
 24        *State has credible evidence that an institution of*  
 25        *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 institu-  
7           tion of higher education shall provide evidence to the Sec-  
8           retary that the institution has authority to operate within  
9           a State at the time the institution is certified under subpart  
10          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 ASSO-*  
19          *CIATION*.—Section 496 (20 U.S.C. 1099b) is amended—

20                 (1) in the heading for subsection (a), by striking  
21                 “**STANDARDS**” and inserting “**CRITERIA**”;

22                 (2) in subsection (a)—

23                         (A) in the matter preceding paragraph (1),  
24                         by striking “standards” each place the term ap-  
25                         pears and inserting “criteria”;



1                   (B) in paragraph (4)—

2                   (i) by striking “at the institution” and  
3                   inserting “offered by the institution”; and

4                   (ii) by inserting “, including distance  
5                   education courses or programs,” after  
6                   “higher education”; and

7                   (C) in paragraph (5)—

8                   (i) by striking subparagraph (I);

9                   (ii) by redesignating subparagraphs  
10                  (A) through (H) as subparagraphs (B)  
11                  through (I), respectively;

12                  (iii) by inserting before subparagraph  
13                  (B) the following:

14                  “(A) success with respect to student achieve-  
15                  ment in relation to the institution’s mission, in-  
16                  cluding, as appropriate, consideration of course  
17                  completion, State licensing examination, and job  
18                  placement rates;”;

19                  (iv) in subparagraph (I) (as redesign-  
20                  ated by clause (ii)), by striking “in clock  
21                  hours or credit hours”; and

22                  (v) in subparagraph (L)—

23                         (I) by inserting “record of” before  
24                         “compliance”;

1                   (II) by striking “Act, including  
2                   any” and inserting “Act based on the”;

3                   (III) by inserting “any” after “re-  
4                   views, and”; and

5                   (IV) in the matter following sub-  
6                   paragraph (L), by striking “(G),”;

7                   (3) by amending paragraph (1) of subsection (l)  
8                   to read as follows: “(1)(A)(i) If the Secretary deter-  
9                   mines that an accrediting agency or association has  
10                  failed to apply effectively the standards in this sec-  
11                  tion, or is otherwise not in compliance with the re-  
12                  quirements of this section, the Secretary shall—

13                   “(I) after notice and opportunity for a  
14                   hearing, limit, suspend, or terminate the ap-  
15                   proval of the agency or association; or

16                   “(II) require the agency or association to  
17                   take appropriate action to bring the agency or  
18                   association into compliance with such require-  
19                   ments within a timeframe specified by the Sec-  
20                   retary, except that—

21                   “(aa) such timeframe shall not exceed  
22                   12 months unless the Secretary extends such  
23                   period for good cause; and

24                   “(bb) if the agency or association fails  
25                   to bring the agency or association into com-

1            *pliance within such timeframe, the Sec-*  
 2            *retary shall, after notice and opportunity*  
 3            *for a hearing, limit, suspend, or terminate*  
 4            *the approval of the agency or association.”;*  
 5            *and*

6            *(4) in subsection (n)(3), by adding at the end the*  
 7            *following: “When the Secretary decides to recognize*  
 8            *an accrediting agency or association, the Secretary*  
 9            *shall determine the agency or association’s scope of*  
 10           *recognition. If the agency or association reviews insti-*  
 11           *tutions offering distance education courses or pro-*  
 12           *grams and the Secretary determines that the agency*  
 13           *or association meets the requirements of this section,*  
 14           *then the agency shall be recognized and the scope of*  
 15           *recognition shall include accreditation of institutions*  
 16           *offering distance education courses or programs.”.*

17 **SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

18            *(a) SINGLE APPLICATION FORM.—Section 498(b) (20*  
 19 *U.S.C. 1099c(b)) is amended—*

20            *(1) in paragraph (1), by striking “and capabil-*  
 21            *ity” and inserting “financial responsibility, and ad-*  
 22            *ministrative capability”;*

23            *(2) by amending paragraph (3) to read as fol-*  
 24            *lows:*

25            *“(3) requires—*

1           “(A) a description of the third party  
2           servicers of an institution of higher education;  
3           and

4           “(B) the institution to maintain a copy of  
5           any contract with a financial aid service pro-  
6           vider or loan servicer, and provide a copy of any  
7           such contract to the Secretary upon request;”;

8           (3) in paragraph (4), by striking the period and  
9           inserting “; and”; and

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

11          “(5) provides, at the option of the institution, for  
12          participation in 1 or more of the programs under  
13          part B or D.”.

14          (b) *FINANCIAL RESPONSIBILITY STANDARDS*.—Section  
15          498(c) (20 U.S.C. 1099c(c)) is amended—

16          (1) in paragraph (2), by striking “with respect  
17          to operating losses, net worth, asset to liabilities ra-  
18          tios, or operating fund deficits” and inserting “re-  
19          garding ratios that demonstrate financial responsibil-  
20          ity,”;

21          (2) in paragraph (3)(A), by striking “Secretary  
22          third party” and all that follows through “payable to  
23          the Secretary” and inserting “Secretary any third  
24          party guarantees, which the Secretary determines are  
25          reasonable, that”; and

1           (3) *in paragraph (4)—*

2                   (A) *in the matter preceding subparagraph*  
3           (A), *by striking “ratio of current assets to cur-*  
4           *rent liabilities” and inserting “criteria”; and*

5                   (B) *in subparagraph (C), by striking “cur-*  
6           *rent operating ratio requirement” and inserting*  
7           *“criteria”.*

8           (c) *FINANCIAL GUARANTEES FROM OWNERS.—Section*  
9           498(e) (20 U.S.C. 1099c(e)) *is amended—*

10                   (1) *in the subsection heading, by inserting “OF*  
11           *FOR-PROFIT INSTITUTIONS” after “OWNERS”;*

12                   (2) *in paragraph (1)(A), by striking “from an”*  
13           *and inserting “from a for-profit”;*

14                   (3) *in paragraph (2)—*

15                           (A) *in the matter preceding clause (i) of*  
16           subparagraph (A), *by inserting “for-profit” after*  
17           *“or more”;*

18                           (B) *in subparagraph (B), by inserting “for-*  
19           *profit” after “or more”; and*

20                   (4) *in paragraph (3), by striking “operation of,*  
21           *an institution or” and inserting “operation of, a for-*  
22           *profit institution or the”.*

23           (d) *APPLICATIONS AND SITE VISITS.—Section 498(f)*  
24           *(20 U.S.C. 1099c(f)) is amended—*

1           (1) *in the subsection heading by striking “; SITE*  
2 *VISITS AND FEES” and inserting “AND SITE VISITS”;*

3           (2) *in the second sentence, by striking “shall”*  
4 *and inserting “may”;*

5           (3) *in the third sentence, strike “may” and in-*  
6 *sert “shall”; and*

7           (4) *by striking the fourth sentence.*

8           (e) *TIME LIMITATIONS ON, AND RENEWAL OF, ELIGI-*  
9 *BILITY.—Subsection (g) of section 498 (20 U.S.C. 1099c)*  
10 *is amended to read as follows:*

11           “(g) *TIME LIMITATIONS ON, AND RENEWAL OF, ELIGI-*  
12 *BILITY.—*

13           “(1) *GENERAL RULE.—After the expiration of*  
14 *the certification of any institution under the schedule*  
15 *prescribed under this section (as in effect prior to the*  
16 *enactment of the Higher Education Act Amendments*  
17 *of 1998), or upon request for initial certification from*  
18 *an institution not previously certified, the Secretary*  
19 *may certify the eligibility for the purposes of any pro-*  
20 *gram authorized under this title of each such institu-*  
21 *tion for a period not to exceed 6 years.*

22           “(2) *NOTIFICATION.—The Secretary shall notify*  
23 *each institution of higher education not later than 6*  
24 *months prior to the date of the expiration of the insti-*  
25 *tution’s certification.*

1           “(3) *INSTITUTIONS OUTSIDE THE UNITED*  
 2           *STATES.—The Secretary shall promulgate regulations*  
 3           *regarding the recertification requirements applicable*  
 4           *to an institution of higher education outside of the*  
 5           *United States that meets the requirements of section*  
 6           *481(a)(1)(C) and received less than \$500,000 in funds*  
 7           *under part B for the most recent year for which data*  
 8           *are available.”.*

9           (f) *PROVISIONAL CERTIFICATION.—Section 498(h) (20*  
 10          *U.S.C. 1099c(h)) is amended—*

11           (1) *in paragraph (1)(B)(ii), by striking “an eli-*  
 12           *gible” and inserting “a for-profit eligible”; and*

13           (2) *in paragraph (2), by striking “the approval”*  
 14           *and inserting “the recognition”.*

15           (g) *TREATMENT OF CHANGES OF OWNERSHIP.—Sec-*  
 16          *tion 498(i) (20 U.S.C. 1099c(i)) is amended—*

17           (1) *in the subsection heading, by inserting “OF*  
 18           *FOR-PROFIT INSTITUTIONS” after “OWNERSHIP”; and*

19           (2) *in paragraph (2)—*

20           (A) *in subparagraph (A), by inserting “for-*  
 21           *profit” before “institution”;*

22           (B) *in subparagraph (C), by striking “two”*  
 23           *and inserting “a for-profit institution with one”;*

24           (C) *in subparagraph (D), by inserting “for-*  
 25           *profit” before “institutions”;*

1           (D) in subparagraph (E), by inserting “for-  
2           profit” before “institutions”; and

3           (E) in subparagraph (F), by inserting “for-  
4           profit” before “institution”.

5           (h) *TREATMENT OF BRANCHES.*—The second sentence  
6 of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is amended by  
7 inserting “after the branch is certified by the Secretary as  
8 a branch campus participating in a program under title  
9 IV,” after “2 years”.

10 **SEC. 494. PROGRAM REVIEW AND DATA.**

11           Section 498A (20 U.S.C. 1099c–1) is amended—

12           (1) in subsection (a)—

13           (A) in paragraph (2)—

14           (i) in the matter preceding subpara-  
15           graph (A), by striking “may” and inserting  
16           “shall”;

17           (ii) by amending subparagraph (C) to  
18           read as follows:

19           “(C) institutions with a significant fluctua-  
20           tion in Federal Stafford Loan volume, Federal  
21           Direct Stafford/Ford Loan volume, or Federal  
22           Pell Grant award volume, or any combination  
23           thereof, in the year for which the determination  
24           is made, compared to the year prior to such  
25           year, that are not accounted for by changes in



1           *the Federal Stafford Loan program, the Federal*  
2           *Direct Stafford/Ford Loan program, or the Pell*  
3           *Grant program, or any combination thereof;”;*

4                   *(iii) by amending subparagraph (D) to*  
5                   *read as follows:*

6                   *“(D) institutions reported to have defi-*  
7                   *ciencies or financial aid problems by the State*  
8                   *licensing or authorizing agency, or by the appro-*  
9                   *priate accrediting agency or association;”;*

10                   *(iv) in subparagraph (E), by inserting*  
11                   *“and” after the semicolon; and*

12                   *(v) by striking subparagraphs (F) and*  
13                   *(G), and inserting the following:*

14                   *“(F) such other institutions that the Sec-*  
15                   *retary determines may pose a significant risk of*  
16                   *failure to comply with the administrative capa-*  
17                   *bility or financial responsibility provisions of*  
18                   *this title; and”;* and

19                   *(B) in paragraph (3)(A), by inserting “rel-*  
20                   *evant” after “all”; and*

21                   *(2) by amending subsection (b) to read as fol-*  
22           *lows:*

23           *“(b) SPECIAL ADMINISTRATIVE RULES.—*

1           “(1) *IN GENERAL.*—*In carrying out paragraphs*  
2           *(1) and (2) of subsection (a) and any other relevant*  
3           *provisions of this title, the Secretary shall—*

4                   “(A) *establish guidelines designed to ensure*  
5                   *uniformity of practice in the conduct of program*  
6                   *reviews of institutions of higher education;*

7                   “(B) *make available to each institution par-*  
8                   *ticipating in programs authorized under this*  
9                   *title complete copies of all review guidelines and*  
10                  *procedures used in program reviews;*

11                  “(C) *permit the institution to correct or*  
12                  *cure an administrative, accounting, or record-*  
13                  *keeping error if the error is not part of a pattern*  
14                  *of error and there is no evidence of fraud or mis-*  
15                  *conduct related to the error;*

16                  “(D) *base any civil penalty assessed against*  
17                  *an institution of higher education resulting from*  
18                  *a program review or audit on the gravity of the*  
19                  *violation, failure, or misrepresentation; and*

20                  “(E) *inform the appropriate State and ac-*  
21                  *crediting agency or association whenever the Sec-*  
22                  *retary takes action against an institution of*  
23                  *higher education under this section, section 498,*  
24                  *or section 432.*

1           “(2) *UNIFORMITY OF APPLICATION OF REGULA-*  
 2           *TIONS.—The Secretary shall review the regulations of*  
 3           *the Department and the application of such regula-*  
 4           *tions to ensure the uniformity of interpretation and*  
 5           *application of the regulations.*

6           “(3) *NONDUPLICATION AND COORDINATION.—The*  
 7           *Secretary shall establish a process for ensuring that*  
 8           *eligibility and compliance issues, such as institu-*  
 9           *tional audit, program review, and recertification, are*  
 10          *considered simultaneously, and shall establish a proc-*  
 11          *ess for identifying unnecessary duplication of report-*  
 12          *ing and related regulatory requirements. In develop-*  
 13          *ing such processes, the Secretary shall consult with*  
 14          *relevant representatives of institutions participating*  
 15          *in the programs authorized by this title.”.*

16           **PART I—ADMINISTRATIVE PROVISIONS FOR**  
 17           **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**  
 18           **SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE**  
 19                           **DELIVERY OF FEDERAL STUDENT FINANCIAL**  
 20                           **ASSISTANCE.**

21           *Title IV (20 U.S.C. 1070 et seq.) is amended by adding*  
 22           *at the end the following:*

1       **“PART I—ADMINISTRATIVE PROVISIONS FOR**  
2       **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**  
3       **“SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE**  
4                       **DELIVERY OF FEDERAL STUDENT FINANCIAL**  
5                       **ASSISTANCE.**

6           “(a) *ESTABLISHMENT.*—*The Secretary shall establish*  
7 *in the Department a performance-based organization (here-*  
8 *after in this part referred to as the ‘PBO’) to administer*  
9 *various functions relating to student financial assistance*  
10 *programs authorized under this title.*

11          “(b) *OVERSIGHT AND AUTHORITY.*—

12               “(1) *POLICY OVERSIGHT AND DIRECTION.*—*The*  
13 *Secretary shall maintain responsibility for the policy*  
14 *relating to functions managed by the PBO, and the*  
15 *PBO shall remain subject to the Secretary’s oversight*  
16 *and direction.*

17               “(2) *AUDITS AND REVIEW.*—*The PBO shall be*  
18 *subject to the usual and customary Federal audit pro-*  
19 *cedures and to review by the Inspector General of the*  
20 *Department.*

21               “(3) *CHANGES.*—

22                       “(A) *IN GENERAL.*—*The Secretary and the*  
23 *Chief Operating Officer shall consult concerning*  
24 *the effects of policy, market, or other changes on*  
25 *the ability of the PBO to achieve the goals and*

1           *objectives established in the performance plan de-*  
2           *scribed in subsection (e).*

3           “(B) *REVISIONS TO AGREEMENT.*—*The Sec-*  
4           *retary and the Chief Operating Officer may re-*  
5           *visе the annual performance agreement described*  
6           *in subsection (f)(2) in light of policy, market, or*  
7           *other changes that occur after the Secretary and*  
8           *the PBO enter into the agreement.*

9           “(c) *PURPOSES OF PBO.*—*The purposes of the PBO*  
10          *are—*

11           “(1) *to improve service to students and other*  
12           *participants in the student financial assistance pro-*  
13           *grams authorized under this title, including making*  
14           *those programs more understandable to students and*  
15           *their parents;*

16           “(2) *to reduce the costs of administering those*  
17           *programs;*

18           “(3) *to increase the accountability of the officials*  
19           *responsible for administering those programs;*

20           “(4) *to provide greater flexibility in the adminis-*  
21           *tration of those programs;*

22           “(5) *to improve and integrate the information*  
23           *and delivery systems that support those programs;*  
24           *and*

1           “(6) to develop and maintain a student financial  
2 assistance system that contains complete, accurate,  
3 and timely data to ensure program integrity.

4           “(d) FUNCTIONS.—

5           “(1) IN GENERAL.—Subject to subsection (b) of  
6 this section, the PBO shall be responsible for adminis-  
7 tration of the information and financial systems that  
8 support student financial assistance programs author-  
9 ized under this title, including—

10           “(A) collecting, processing, and transmit-  
11 ting applicant data to students, institutions, and  
12 authorized third parties, as provided for in sec-  
13 tion 483;

14           “(B) contracting for the information and fi-  
15 nancial systems supporting student financial as-  
16 sistance programs under this title;

17           “(C) developing technical specifications for  
18 software and systems that support those pro-  
19 grams; and

20           “(D) providing all customer service, train-  
21 ing, and user support related to systems that  
22 support those programs.

23           “(2) ADDITIONAL FUNCTIONS.—The Secretary  
24 may allocate to the PBO such additional functions as

1       *the Secretary determines necessary or appropriate to*  
2       *achieve the purposes of the PBO.*

3       “(e) *PERFORMANCE PLAN AND REPORT.*—

4             “(1) *PERFORMANCE PLAN.*—

5                     “(A) *IN GENERAL.*—*Each year, the Sec-*  
6                     *retary and Chief Operating Officer shall agree*  
7                     *on, and make available to the public, a perform-*  
8                     *ance plan for the PBO for the succeeding 5 years*  
9                     *that establishes measurable goals and objectives*  
10                    *for the organization.*

11                   “(B) *CONSULTATION.*—*In developing the 5-*  
12                    *year performance plan, the Secretary and the*  
13                    *Chief Operating Officer shall consult with stu-*  
14                    *dents, institutions of higher education, Congress,*  
15                    *lenders, and other interested parties not less than*  
16                    *30 days prior to the implementation of the per-*  
17                    *formance plan.*

18                   “(C) *AREAS.*—*The plan shall address the*  
19                    *PBO’s responsibilities in the following areas:*

20                             “(i) *IMPROVING SERVICE.*—*Improving*  
21                             *service to students and other participants in*  
22                             *student financial aid programs authorized*  
23                             *under this title, including making those*  
24                             *programs more understandable to students*  
25                             *and their parents.*

1                   “(ii) *REDUCING COSTS.*—*Reducing the*  
2                   *costs of administering those programs.*

3                   “(iii) *IMPROVEMENT AND INTEGRATION*  
4                   *OF SUPPORT SYSTEMS.*—*Improving and in-*  
5                   *tegrating the information and delivery sys-*  
6                   *tems that support those programs.*

7                   “(iv) *DELIVERY AND INFORMATION*  
8                   *SYSTEM.*—*Developing an open, common,*  
9                   *and integrated delivery and information*  
10                  *system for programs authorized under this*  
11                  *title.*

12                  “(v) *OTHER AREAS.*—*Any other areas*  
13                  *identified by the Secretary.*

14                  “(2) *ANNUAL REPORT.*—*Each year, the Chief*  
15                  *Operating Officer shall prepare and submit to Con-*  
16                  *gress, through the Secretary, an annual report on the*  
17                  *performance of the PBO, including an evaluation of*  
18                  *the extent to which the PBO met the goals and objec-*  
19                  *tives contained in the 5-year performance plan de-*  
20                  *scribed in paragraph (1) for the preceding year.*

21                  “(f) *CHIEF OPERATING OFFICER.*—

22                         “(1) *APPOINTMENT.*—

23                                 “(A) *IN GENERAL.*—*The management of the*  
24                                 *PBO shall be vested in a Chief Operating Officer*  
25                                 *who shall be appointed by the Secretary to a*



1 term of not less than 3 and not more than 5  
2 years and compensated without regard to chap-  
3 ters 33, 51, and 53 of title 5, United States Code.

4 “(B) BASIS.—The appointment shall be  
5 made on the basis of demonstrated ability in  
6 management and experience in information tech-  
7 nology or financial services, without regard to  
8 political affiliation or activity.

9 “(C) REAPPOINTMENT.—The Secretary may  
10 reappoint the Chief Operating Officer to subse-  
11 quent terms of not less than 3 and not more than  
12 5 years, so long as the performance of the Chief  
13 Operating Officer, as set forth in the perform-  
14 ance agreement described in paragraph (2), is  
15 satisfactory.

16 “(2) PERFORMANCE AGREEMENT.—

17 “(A) IN GENERAL.—Each year, the Sec-  
18 retary and the Chief Operating Officer shall  
19 enter into an annual performance agreement,  
20 that shall set forth measurable organization and  
21 individual goals for the Chief Operating Officer.

22 “(B) TRANSMITTAL.—The final agreement  
23 shall be transmitted to the Committee on Edu-  
24 cation and the Workforce of the House of Rep-  
25 resentatives and the Committee on Labor and

1           *Human Resources of the Senate, and made pub-*  
2           *licly available.*

3           “(3) *COMPENSATION.*—

4                   “(A) *IN GENERAL.*—*The Chief Operating*  
5           *Officer is authorized to be paid at an annual*  
6           *rate of basic pay not to exceed the maximum*  
7           *rate of basic pay for the Senior Executive Serv-*  
8           *ice under section 5382 of title 5, United States*  
9           *Code, including any applicable locality-based*  
10          *comparability payment that may be authorized*  
11          *under section 5304(h)(2)(C) of such title.*

12                   “(B) *BONUS.*—*In addition, the Chief Oper-*  
13          *ating Officer may receive a bonus in an amount*  
14          *that does not exceed 50 percent of such annual*  
15          *rate of basic pay, based upon the Secretary’s*  
16          *evaluation of the Chief Operating Officer’s per-*  
17          *formance in relation to the goals set forth in the*  
18          *performance agreement described in paragraph*  
19          *(2).*

20                   “(C) *PAYMENT.*—*Payment of a bonus under*  
21          *this subparagraph (B) may be made to the Chief*  
22          *Operating Officer only to the extent that such*  
23          *payment does not cause the Chief Operating Of-*  
24          *ficer’s total aggregate compensation in a cal-*  
25          *endar year to equal or exceed the amount of the*

1           *President's salary under section 102 of title 3,*  
2           *United States Code.*

3           “(4) *REMOVAL.*—*The Chief Operating Officer*  
4           *shall be removable—*

5                     “(A) *by the President; or*

6                     “(B) *by the Secretary for misconduct or*  
7                     *failure to meet the goals set forth in the perform-*  
8                     *ance agreement described in paragraph (2).*

9           “(g) *SENIOR MANAGEMENT.*—

10                   “(1) *APPOINTMENT.*—

11                             “(A) *IN GENERAL.*—*The Chief Operating*  
12                             *Officer may appoint such senior managers as*  
13                             *that officer determines necessary without regard*  
14                             *to the provisions of title 5, United States Code,*  
15                             *governing appointments in the competitive serv-*  
16                             *ice.*

17                             “(B) *COMPENSATION.*—*The senior managers*  
18                             *described in subparagraph (A) may be paid*  
19                             *without regard to the provisions of chapter 51*  
20                             *and subchapter III of chapter 53 of such title re-*  
21                             *lating to classification and General Schedule pay*  
22                             *rates.*

23                             “(2) *PERFORMANCE AGREEMENT.*—*Each year,*  
24                             *the Chief Operating Officer and each senior manager*  
25                             *appointed under this subsection shall enter into an*

1       *annual performance agreement that sets forth measur-*  
2       *able organization and individual goals.*

3           “(3) *COMPENSATION.*—

4               “(A) *IN GENERAL.*—*A senior manager ap-*  
5               *pointed under this subsection may be paid at an*  
6               *annual rate of basic pay of not more than the*  
7               *maximum rate of basic pay for the Senior Exec-*  
8               *utive Service under section 5382 of title 5,*  
9               *United States Code, including any applicable lo-*  
10              *cality-based comparability payment that may be*  
11              *authorized under section 5304(h)(2)(C) of such*  
12              *title 5.*

13              “(B) *BONUS.*—*In addition, a senior man-*  
14              *ager may receive a bonus in an amount such*  
15              *that the manager’s total annual compensation*  
16              *does not exceed 125 percent of the maximum rate*  
17              *of basic pay for the Senior Executive Service, in-*  
18              *cluding any applicable locality-based com-*  
19              *parability payment, based upon the Chief Oper-*  
20              *ating Officer’s evaluation of the manager’s per-*  
21              *formance in relation to the goals set forth in the*  
22              *performance agreement described in paragraph*  
23              *(2).*

1           “(4) *REMOVAL.*—A senior manager shall be re-  
2           movable by the Secretary or by the Chief Operating  
3           Officer.

4           “(h) *AUTHORIZATION OF APPROPRIATIONS.*—The Sec-  
5           retary shall allocate from funds made available under sec-  
6           tion 458 such funds as are appropriate to the functions as-  
7           sumed by the PBO. In addition, there are authorized to be  
8           appropriated such sums as may be necessary to carry out  
9           the purposes of this section, including transition costs.”.

10       **TITLE V—GRADUATE AND POST-**  
11       **SECONDARY IMPROVEMENT**  
12       **PROGRAMS**

13       **SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.**

14           (a) *IN GENERAL.*—Title V (20 U.S.C. 1101 et seq.) is  
15       amended—

16           (1) by amending the title heading to read as fol-  
17       lows:

18       **“TITLE V—GRADUATE AND POST-**  
19       **SECONDARY IMPROVEMENT**  
20       **PROGRAMS”;**

21           (2) by repealing parts A, B, C, D, E, and F of  
22       title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104 et  
23       seq., 1107 et seq., 1111 et seq., and 1113 et seq.);

24           (3) by transferring part C of title IX, part D of  
25       title IX, part A of title XI, and part A of title X (20

1       *U.S.C. 1134h et seq., 1134l et seq., 1136 et seq., and*  
2       *1135 et seq.) to title V and redesignating such parts*  
3       *as parts A, B, C, and D, respectively;*

4             (4) *by redesignating sections 931 through 935*  
5       *(20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as sec-*  
6       *tions 511 through 515, respectively;*

7             (5) *by redesignating sections 941 through 947*  
8       *(20 U.S.C. 1134l and 1134q–1) as section 521*  
9       *through 527, respectively;*

10            (6) *by redesignating sections 1101 through 1109*  
11       *(20 U.S.C. 1136 through 1136h) as sections 531*  
12       *through 539, respectively; and*

13            (7) *by redesignating sections 1001, 1002, 1003,*  
14       *1004, and 1011 (20 U.S.C. 1135, 1135a–1, 1135a–2,*  
15       *1135a–3, and 1135a–11) as sections 541, 542, 543,*  
16       *544, and 551, respectively.*

17       ***(b) CROSS REFERENCE CONFORMING AMENDMENTS.—***

18            (1) ***JACOB K. JAVITS FELLOWSHIP PROGRAM.—***  
19       *Section 514(a) (as redesignated by subsection (a)(4))*  
20       *(20 U.S.C. 1134k(a)) is amended by striking “933”*  
21       *and inserting “513”.*

22            (2) ***GRADUATE ASSISTANCE IN AREAS OF NA-***  
23       ***TIONAL NEED.—****Part B of title V (as redesignated by*  
24       *paragraphs (3) and (5) of subsection (a)) (20 U.S.C.*  
25       *1134l et seq.) is amended—*

1           (A) in section 524(b)(7) (as redesignated by  
2 subsection (a)(5)) (20 U.S.C. 1134o(b)(7)), by  
3 striking “945” and inserting “525”; and

4           (B) in section 525(c) (as redesignated by  
5 subsection (a)(5)) (20 U.S.C. 1134p(c))—

6                 (i) by striking “946(a)” and inserting  
7 “526(a)”; and

8                 (ii) by striking “944(b)(2)” and insert-  
9 ing “524(b)(2)”.

10           (3) *URBAN AND COMMUNITY SERVICE*.—Part C  
11 of title V (as redesignated by paragraphs (3) and (6)  
12 of subsection (a)) (20 U.S.C. 1136 et seq.) is amend-  
13 ed—

14           (A) in section 532(b) (20 U.S.C. 1136a(b)),  
15 by striking “1104” and inserting “534”;

16           (B) in section 534(12) (20 U.S.C.  
17 1136c(12)), by striking “1103(a)(2)(B)” and in-  
18 serting “533(a)(2)(B)”; and

19           (C) in section 538(1) (20 U.S.C. 1136g(1)),  
20 by striking “1103” and inserting “533”.

21           (4) *FIPSE*.—Subsections (b) and (c) of section  
22 544 (as redesignated by subsection (a)(7)) (20 U.S.C.  
23 1135a–3) each are amended by striking “1001(b)”  
24 and inserting “541(b)”.

1 **SEC. 502. PURPOSE.**

2 *Section 500 (20 U.S.C. 1101) is amended to read as*  
 3 *follows:*

4 **“SEC. 500. PURPOSE.**

5 *“It is the purpose of this title—*

6 *“(1) to authorize national graduate fellowship*  
 7 *programs—*

8 *“(A) in order to attract students of superior*  
 9 *ability and achievement, exceptional promise,*  
 10 *and demonstrated financial need, into high-qual-*  
 11 *ity graduate programs and provide the students*  
 12 *with the financial support necessary to complete*  
 13 *advanced degrees; and*

14 *“(B) that are designed to—*

15 *“(i) sustain and enhance the capacity*  
 16 *for graduate education in areas of national*  
 17 *need; and*

18 *“(ii) encourage talented students to*  
 19 *pursue scholarly careers in the humanities,*  
 20 *social sciences, and the arts; and*

21 *“(2) to promote postsecondary programs.”.*

22 **PART A—JACOB K. JAVITS FELLOWSHIP**23 **PROGRAM**24 **SEC. 511. AWARD OF FELLOWSHIPS.**

25 *(a) AWARD OF JACOB K. JAVITS FELLOWSHIPS.—Sec-*  
 26 *tion 511 (as redesignated by section 501(4)) is amended—*



1           (1) *in subsection (a)—*

2                   (A) *in the first sentence, by inserting “, fi-*  
3                   *nancial need,” after “demonstrated achieve-*  
4                   *ment”;*

5                   (B) *in the second sentence—*

6                           (i) *by striking “students intending”*  
7                           *and inserting “students who are eligible to*  
8                           *receive any grant, loan, or work assistance*  
9                           *pursuant to section 484 and intend”;* and

10                           (ii) *by striking “commonly accepted”*  
11                           *and all that follows through “degree-grant-*  
12                           *ing institution” and inserting “the terminal*  
13                           *highest degree awarded in the area of*  
14                           *study”;* and

15                   (C) *in the third sentence, by inserting “fol-*  
16                   *lowing the fiscal year” after “July 1 of the fiscal*  
17                   *year”;* and

18           (2) *by adding at the end the following:*

19           “(d) *PROCESS AND TIMING OF COMPETITION.—The*  
20           *Secretary shall make applications for fellowships under this*  
21           *part available not later than October 1 of the academic year*  
22           *preceding the academic year for which fellowships will be*  
23           *awarded, and shall announce the recipients of fellowships*  
24           *under this section not later than March 1 of the academic*

1 year preceding the academic year for which the fellowships  
2 are awarded.

3 “(e) *AUTHORITY TO CONTRACT*.—The Secretary is au-  
4 thorized to enter into a contract with a nongovernmental  
5 agency to administer the program assisted under this part  
6 if the Secretary determines that entering into the contract  
7 is an efficient means of carrying out the program.”.

8 (b) *ALLOCATION OF FELLOWSHIPS*.—Section 512 (as  
9 redesignated by section 501(4)) (20 U.S.C. 1134i) is amend-  
10 ed—

11 (1) in subsection (a)—

12 (A) in the third sentence of paragraph (1),  
13 by striking “knowledgeable about and have expe-  
14 rience” and inserting “representative of a range  
15 of disciplines”; and

16 (B) in paragraph (2)—

17 (i) by amending subparagraph (B) to  
18 read as follows:

19 “(B) establish general criteria for the award  
20 of fellowships in academic fields identified by the  
21 Board, or, in the event that the Secretary enters  
22 into a contract with a nongovernmental entity to  
23 administer the program assisted under this part,  
24 by such nongovernmental entity;”; and

1                   (ii) in subparagraph (C), by inserting  
2                   “except that, in the event that the Secretary  
3                   enters into a contract with a nongovern-  
4                   mental entity to administer the program,  
5                   such panels may be appointed by such non-  
6                   governmental entity” before the semicolon;  
7                   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 measurements  
20                           of need approved by the Secretary” and inserting  
21                           “determined in accordance with part F of title  
22                           IV”; and

23                   (2) in subsection (b)(1)(A)—

24                           (A) in clause (i)—



1           “(b) *DESIGNATION OF AREAS OF NATIONAL NEED.*—  
2 *After consultation with the National Science Foundation,*  
3 *the National Academy of Sciences, and other appropriate*  
4 *Federal and nonprofit agencies and organizations, the Sec-*  
5 *retary shall designate areas of national need. In making*  
6 *such designations, the Secretary shall take into consider-*  
7 *ation—*

8                   “(1) *the extent to which the national interest in*  
9 *the area is compelling;*

10                   “(2) *the extent to which other Federal programs*  
11 *support postbaccalaureate study in the area con-*  
12 *cerned; 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 (9)  
2 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 of  
6 the fellowships that the applicant intends to offer with  
7 grant funds provided under this part;” and

8           (4) in paragraph (5)(A) (as redesignated by  
9 paragraph (2)), by striking “criteria developed by the  
10 institution” and inserting “part F of title IV”.

11       (c) AWARDS.—Section 525 (as redesignated by section  
12 501(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 measurements  
17 of need approved by the Secretary” and inserting  
18 “determined in accordance with part F of title  
19 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) (as  
23 redesignated by section 501(5)) (20 U.S.C. 1134q(a)(1)) is  
24 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 inserting  
4           “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 the  
10          academic year 1993–1994” and inserting  
11          “\$10,000 for the academic year 1999–2000”; and

12          (C) in clause (ii), by striking “\$9,000” and  
13          inserting “\$10,000”.

14          (e) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
15          527 (as redesignated by section 501(5)) (20 U.S.C. 1134q–  
16          1) is amended by striking “\$40,000,000 for fiscal year  
17          1993” and inserting “\$30,000,000 for fiscal year 1999”.

18                   **PART C—URBAN COMMUNITY SERVICE**

19           **SEC. 531. URBAN COMMUNITY SERVICE.**

20          (a) *PRIORITY.*—Section 533(b) (as redesignated by sec-  
21          tion 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by adding  
22          at the end the following: “In addition, the Secretary shall  
23          give priority to eligible institutions submitting applications  
24          that demonstrate the eligible institution’s commitment to  
25          urban community service.”.

1       (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
 2 539 (as redesignated by section 501(a)(6)) (20 U.S.C.  
 3 1136h) is amended by striking “1993” and inserting  
 4 “1999”.

5       ***PART D—FUND FOR THE IMPROVEMENT OF***  
 6           ***POSTSECONDARY EDUCATION***

7       ***SEC. 541. FUND FOR THE IMPROVEMENT OF POSTSECON-***  
 8           ***ARY EDUCATION.***

9       (a) *AUTHORITY.*—Section 541(a) (as redesignated by  
 10 section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

11           (1) *in the matter preceding paragraph (1)—*

12                   (A) *by striking “or combinations of such in-*  
 13                   *stitutions” and inserting “, combinations of such*  
 14                   *institutions,”; and*

15                   (B) *by striking “institutions and combina-*  
 16                   *tions of such institutions” and inserting “insti-*  
 17                   *tutions, combinations, and agencies”; and*

18           (2) *in paragraph (2)—*

19                   (A) *by striking “and programs involving*  
 20                   *new” and inserting “, programs and joint efforts*  
 21                   *involving”; and*

22                   (B) *by striking “new combinations” and in-*  
 23                   *serting “combinations”.*

24       (b) *TECHNICAL EMPLOYEES.*—Section 543(a) (as re-  
 25 designated by section 501(a)(7)) (20 U.S.C. 1135a-2(a)) is



1 *amended by striking “5 technical” and inserting “7 tech-*  
2 *nical”.*

3 (c) *AUTHORIZATION OF APPROPRIATIONS.—Section*  
4 *544 (as redesignated by section 501(a)(7)) (20 U.S.C.*  
5 *1135a–3) is amended—*

6 (1) *in subsection (a), by striking “\$20,000,000*  
7 *for fiscal year 1993” and inserting “\$26,000,000 for*  
8 *fiscal year 1999”; and*

9 (2) *in subsection (b), by striking “1993” and in-*  
10 *serting “1999”.*

11 (d) *AREAS OF NATIONAL NEED.—*

12 (1) *AREAS.—Section 551(c) (as redesignated by*  
13 *section 501(a)(7)) (20 U.S.C. 1135a–11(c)) is amend-*  
14 *ed—*

15 (A) *in paragraph (2), by striking “Campus*  
16 *climate and culture” and inserting “Institu-*  
17 *tional restructuring to improve learning and*  
18 *promote cost efficiencies”;*

19 (B) *in paragraph (3), by inserting “of*  
20 *model programs” after “dissemination”; and*

21 (C) *by adding at the end the following:*

22 “(4) *Articulation between 2-year and 4-year in-*  
23 *stitutions of higher education, including developing*  
24 *innovative methods for ensuring the successful trans-*

1       *fer of students from 2-year to 4-year institutions of*  
 2       *higher education.”.*

3               (2) *AUTHORIZATION OF APPROPRIATIONS.—Sec-*  
 4       *tion 551(d) (as redesignated by section 501(a)(7)) (20*  
 5       *U.S.C. 1135a–11(d)) is amended by striking “1993”*  
 6       *and inserting “1999”.*

7       ***PART E—HIGHER EDUCATION ACCESS FOR STU-***  
 8       ***DENTS WITH DISABILITIES; HISPANIC-SERV-***  
 9       ***ING INSTITUTIONS; GENERAL PROVISIONS***

10       ***SEC. 551. HIGHER EDUCATION ACCESS FOR STUDENTS***  
 11               ***WITH DISABILITIES; HISPANIC-SERVING IN-***  
 12               ***STITUTIONS; 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 E—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, and*  
 22       *professional development, for faculty and administra-*  
 23       *tors in institutions of higher education, as defined in*  
 24       *section 481(a), to provide the faculty and administra-*

1        *tors with the skills and assistance to teach effectively*  
2        *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 to*  
8        *carry out the purposes of this part.*

9                *“(2) MODEL PROGRAMS.—To the extent feasible,*  
10        *the model programs developed under this part shall be*  
11        *developed for a range of types and sizes of institutions*  
12        *of higher education.*

13                *“(3) GEOGRAPHIC DISTRIBUTION.—In awarding*  
14        *grants under this part, the Secretary shall consider—*

15                        *“(A) providing an equitable geographic dis-*  
16        *tribution of such grants; and*

17                        *“(B) distributing such grants to urban and*  
18        *rural areas.*

19                *“(4) APPROACHES.—The Secretary shall award*  
20        *grants under this part for a range of approaches to*  
21        *providing support to faculty and administrators, such*  
22        *as in-service training, professional development, cus-*  
23        *tomized and general technical assistance, workshops,*  
24        *summer institutes, distance learning and the use of*  
25        *educational technology.*

1       “(c) *DISSEMINATION OF GRANTS.*—*The Secretary may*  
2 *award grants to institutions of higher education that have*  
3 *demonstrated exceptional programs for students with dis-*  
4 *abilities under this part in order to disseminate those pro-*  
5 *grams.*

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

11               “(1) *a plan to assess the needs of the institution*  
12 *of higher education in order to meet the purposes of*  
13 *this part, in consultation with a broad range of per-*  
14 *sons within that institution; and*

15               “(2) *a plan for coordinating with or collaborat-*  
16 *ing with the office within the institution that pro-*  
17 *vides services to students with disabilities, and the*  
18 *equal opportunity office within the institution, if the*  
19 *offices exist.*

20       “(e) *USE OF FUNDS.*—*Any institution of higher edu-*  
21 *cation receiving a grant under this part—*

22               “(1) *shall use the grant funds to—*

23                       “(A) *meet the purposes of this section; and*

24                       “(B) *ensure that projects assisted under this*  
25 *part include components for model development,*

1           *demonstration, evaluation, and dissemination to*  
2           *other institutions of higher education; and*

3           “(2) *may include, to the extent practicable, grad-*  
4           *uate teaching assistants in the services provided*  
5           *under the grant.*

6           “(f) *GRANT AWARDS.—The Secretary shall award*  
7           *grants under this part for a period of 3 years.*

8           “(g) *CONSTRUCTION.—Nothing in this section shall be*  
9           *construed to impose any additional duty, obligation, or re-*  
10          *sponsibility on an institution of higher education, or on*  
11          *the institution’s administrators, faculty, or staff, in addi-*  
12          *tion to the requirements of section 504 of the Rehabilitation*  
13          *Act of 1973 and the Americans with Disabilities Act of*  
14          *1990.*

15          “(h) *AUTHORIZATION OF APPROPRIATIONS.—There*  
16          *are authorized to be appropriated to carry out this section*  
17          *\$10,000,000 for fiscal year 1999 and such sums as may be*  
18          *necessary for each of the 4 succeeding fiscal years.*

19          **“PART F—HISPANIC-SERVING INSTITUTIONS**

20          **“SEC. 581. PURPOSE.**

21          *“The purpose of this part is to—*

22                  *“(1) expand educational opportunities for, and*  
23                  *improve the academic attainment of, Hispanic stu-*  
24                  *dents; and*

1           “(2) *expand and enhance the academic offerings,*  
2           *program quality, and institutional stability of col-*  
3           *leges and universities that are educating the majority*  
4           *of Hispanic college students and helping large num-*  
5           *bers of Hispanic students and other low-income indi-*  
6           *viduals complete postsecondary degrees.*

7   **“SEC. 582. PROGRAM AUTHORIZED.**

8           “(a) *IN GENERAL.—The Secretary shall provide grants*  
9           *and related assistance to Hispanic-serving institutions to*  
10           *enable such institutions to improve and expand their capac-*  
11           *ity to serve Hispanic students and other low-income indi-*  
12           *viduals.*

13           “(b) *AUTHORIZED ACTIVITIES.—*

14           “(1) *TYPES OF ACTIVITIES AUTHORIZED.—*  
15           *Grants awarded under this section shall be used by*  
16           *Hispanic-serving institutions of higher education to*  
17           *assist such institutions to plan, develop, undertake,*  
18           *and carry out programs to improve and expand such*  
19           *institutions’ capacity to serve Hispanic students and*  
20           *other low-income students.*

21           “(2) *EXAMPLES OF AUTHORIZED ACTIVITIES.—*  
22           *The programs described in paragraph (1) may in-*  
23           *clude—*

24                   “(A) *purchase, rental, or lease of scientific*  
25                   *or laboratory equipment for educational pur-*

1           *poses, including instructional and research pur-*  
2           *poses;*

3           “(B) *renovation and improvement in class-*  
4           *room, library, laboratory, and other instruc-*  
5           *tional facilities;*

6           “(C) *support of faculty exchanges, and fac-*  
7           *ulty development and faculty fellowships to as-*  
8           *sist in attaining advanced degrees in their field*  
9           *of instruction;*

10          “(D) *curriculum development and academic*  
11          *instruction;*

12          “(E) *purchase of library books, periodicals,*  
13          *microfilm, and other educational materials;*

14          “(F) *funds and administrative manage-*  
15          *ment, and acquisition of equipment for use in*  
16          *strengthening funds management;*

17          “(G) *joint use of facilities such as labora-*  
18          *tories and libraries;*

19          “(H) *academic tutoring and counseling pro-*  
20          *grams and student support services; and*

21          “(I) *expanding the number of Hispanic and*  
22          *other underrepresented graduate and professional*  
23          *students that can be served by the institution by*  
24          *expanding courses and institutional resources.*

25          “(3) *ENDOWMENT FUND.—*

1           “(A) *IN GENERAL.*—*A Hispanic-serving in-*  
2           *stitution may use not more than 20 percent of*  
3           *the grant funds provided under this part to es-*  
4           *tablish or increase an endowment fund at the in-*  
5           *stitution.*

6           “(B) *MATCHING REQUIREMENT.*—*In order*  
7           *to be eligible to use grant funds in accordance*  
8           *with subparagraph (A), the Hispanic-serving in-*  
9           *stitution shall provide matching funds, in an*  
10          *amount equal to the Federal funds used in ac-*  
11          *cordance with subparagraph (A), for the estab-*  
12          *lishment or increase of the endowment fund.*

13          “(C) *COMPARABILITY.*—*The provisions of*  
14          *part C of title III regarding the establishment or*  
15          *increase of an endowment fund, that the Sec-*  
16          *retary determines are not inconsistent with this*  
17          *paragraph, shall apply to funds used under sub-*  
18          *paragraph (A).*

19          “(c) *WAIT-OUT-PERIOD.*—*Each Hispanic-serving in-*  
20          *stitution that receives a grant under this part shall not be*  
21          *eligible to receive an additional grant under this part until*  
22          *2 years after the date on which the preceding grant period*  
23          *terminates.*



1 **“SEC. 583. APPLICATION PROCESS.**

2       “(a) *INSTITUTIONAL ELIGIBILITY.*—*Each Hispanic-*  
3 *-serving institution desiring to receive assistance under this*  
4 *part shall submit to the Secretary such enrollment data as*  
5 *may be necessary to demonstrate that the institution is a*  
6 *Hispanic-serving institution as defined in section 585,*  
7 *along with such other data and information as the Sec-*  
8 *retary may by regulation require.*

9       “(b) *APPLICATIONS.*—*Any institution which is deter-*  
10 *mined by the Secretary to be a Hispanic-serving institution*  
11 *(on the basis of the data and information submitted under*  
12 *subsection (a)) may submit an application for assistance*  
13 *under this part to the Secretary. Such application shall in-*  
14 *clude—*

15               “(1) *a 5-year plan for improving the assistance*  
16 *provided by the Hispanic-serving institution to His-*  
17 *panic students and other low-income individuals; and*

18               “(2) *such other information and assurance as the*  
19 *Secretary may require.*

20       “(c) *PRIORITY.*—*With respect to applications for as-*  
21 *sistance under this section, the Secretary shall give priority*  
22 *to an application that contains satisfactory evidence that*  
23 *the Hispanic-serving institution has entered into or will*  
24 *enter into a collaborative arrangement with at least one*  
25 *local educational agency or community-based organization*  
26 *to provide such agency or organization with assistance*

1 *(from funds other than funds provided under this part) in*  
2 *reducing dropout rates for Hispanic students, improving*  
3 *rates of academic achievement for Hispanic students, and*  
4 *increasing the rates at which Hispanic secondary school*  
5 *graduates enroll in higher education.*

6 **“SEC. 584. SPECIAL RULE.**

7 *“No Hispanic-serving institution that is eligible for*  
8 *and receives funds under this part may receive funds under*  
9 *part A or B of title III during the period for which funds*  
10 *under this part are awarded.*

11 **“SEC. 585. DEFINITIONS.**

12 *“For purposes of this part:*

13 *“(1) HISPANIC-SERVING INSTITUTION.—The term*  
14 *‘Hispanic-serving institution’ means an institution of*  
15 *higher education which—*

16 *“(A) is an eligible institution under section*  
17 *312(b);*

18 *“(B) at the time of application, has an en-*  
19 *rollment of undergraduate full-time equivalent*  
20 *students that is at least 25 percent Hispanic stu-*  
21 *dents; and*

22 *“(C) provides assurances that not less than*  
23 *50 percent of its Hispanic students are low-in-*  
24 *come individuals.*

1           “(2) *LOW-INCOME INDIVIDUAL.*—*The term ‘low-*  
 2           *income individual’ means an individual from a fam-*  
 3           *ily whose taxable income for the preceding year did*  
 4           *not exceed 150 percent of an amount equal to the pov-*  
 5           *erty level determined by using criteria of poverty es-*  
 6           *tablished by the Bureau of the Census.*

7           **“SEC. 586. AUTHORIZATION OF APPROPRIATIONS.**

8           *“There are authorized to be appropriated to carry out*  
 9           *this part \$45,000,000 for fiscal year 1999 and such sums*  
 10          *as may be necessary for each of the 4 succeeding fiscal years.*

11           **“PART G—GENERAL PROVISIONS**

12          **“SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A AND**

13                           **B.**

14          “(a) *COORDINATED ADMINISTRATION.*—*In carrying*  
 15          *out the purpose described in section 500(1), the Secretary*  
 16          *shall provide for coordinated administration and regulation*  
 17          *of graduate programs assisted under parts A and B with*  
 18          *other Federal programs providing assistance for graduate*  
 19          *education in order to minimize duplication and improve*  
 20          *efficiency to ensure that the programs are carried out in*  
 21          *a manner most compatible with academic practices and*  
 22          *with the standard timetables for applications for, and noti-*  
 23          *fications of acceptance to, graduate programs.*

24          “(b) *HIRING AUTHORITY.*—*For purposes of carrying*  
 25          *out parts A and B, the Secretary shall appoint, without*

1 regard to the provisions of title 5, United States Code, that  
2 govern appointments in the competitive service, such ad-  
3 ministrative and technical employees, with the appropriate  
4 educational background, as shall be needed to assist in the  
5 administration of such parts. The employees shall be paid  
6 without regard to the provisions of chapter 51 and sub-  
7 chapter III of chapter 53 of such title relating to classifica-  
8 tion and General Schedule pay rates.

9       “(c) *USE FOR RELIGIOUS PURPOSES PROHIBITED.*—  
10 No institutional payment or allowance under section 513(b)  
11 or 526 shall be paid to a school or department of divinity  
12 as a result of the award of a fellowship under part A or  
13 B, respectively, to an individual who is studying for a reli-  
14 gious vocation.

15       “(d) *EVALUATION.*—The Secretary shall evaluate the  
16 success of assistance provided to individuals under part A  
17 or B with respect to graduating from their degree programs,  
18 and placement in faculty and professional positions.

19       “(e) *CONTINUATION AWARDS.*—The Secretary, using  
20 funds appropriated to carry out parts A and B, and before  
21 awarding any assistance under such parts to a recipient  
22 that did not receive assistance under part C or D of title  
23 IX (as such parts were in effect prior to the date of enact-  
24 ment of the Higher Education Amendments of 1998) shall  
25 continue to provide funding to recipients of assistance

1 *under such part C or D (as so in effect), as the case may*  
 2 *be, pursuant to any multiyear award of such assistance.”.*

3           **TITLE VI—INTERNATIONAL**  
 4           **EDUCATION PROGRAMS**

5   **SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUD-**  
 6           **IES.**

7           *Part A of title VI (20 U.S.C. 1121 et seq.) is amended*  
 8 *to read as follows:*

9           **“PART A—INTERNATIONAL AND FOREIGN**  
 10           **LANGUAGE STUDIES**

11 **“SEC. 601. FINDINGS AND PURPOSES.**

12           “(a) *FINDINGS.—The Congress finds that—*

13                   “(1) *the well-being of the United States, its econ-*  
 14 *omy and long-range security, is dependent on the edu-*  
 15 *cation and training of Americans in international*  
 16 *and foreign language studies and on a strong research*  
 17 *base in these areas;*

18                   “(2) *knowledge of other countries and the ability*  
 19 *to communicate in other languages is essential to the*  
 20 *promotion of mutual understanding and cooperation*  
 21 *among nations; and*

22                   “(3) *systematic efforts are necessary to enhance*  
 23 *the capacity of institutions of higher education in the*  
 24 *United States for—*

1           “(A) producing graduates with inter-  
2           national and foreign language expertise and  
3           knowledge; and

4           “(B) research regarding such expertise and  
5           knowledge.

6           “(b) PURPOSES.—It is the purpose of this part—

7           “(1) to assist in the development of knowledge,  
8           international study, resources and trained personnel;

9           “(2) to stimulate the attainment of foreign lan-  
10          guage acquisition and fluency;

11          “(3) to develop a pool of international experts to  
12          meet national needs; and

13          “(4) to coordinate the programs of the Federal  
14          Government in the areas of foreign language, area  
15          and other international studies, including profes-  
16          sional international affairs education, and research.

17       **“SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE**  
18                               **AND AREA CENTERS AND PROGRAMS.**

19       “(a) NATIONAL LANGUAGE AND AREA CENTERS AND  
20       PROGRAMS AUTHORIZED.—

21           “(1) CENTERS AND PROGRAMS.—

22           “(A) IN GENERAL.—The Secretary is au-  
23           thorized—

24           “(i) to make grants to institutions of  
25           higher education, or combinations thereof,

1           *for the purpose of establishing, strengthen-*  
2           *ing, and operating comprehensive language*  
3           *and area centers and programs; and*

4           “(i) *to make grants to such institu-*  
5           *tions or combinations for the purpose of es-*  
6           *tablishing, strengthening, and operating a*  
7           *diverse network of undergraduate language*  
8           *and area centers and programs.*

9           “(B) *NATIONAL RESOURCES.—The centers*  
10          *and programs referred to in paragraph (1) shall*  
11          *be national resources for—*

12           “(i) *teaching of any modern foreign*  
13           *language;*

14           “(ii) *instruction in fields needed to*  
15           *provide full understanding of areas, regions,*  
16           *or countries in which such language is com-*  
17           *monly used;*

18           “(iii) *research and training in inter-*  
19           *national studies, and the international and*  
20           *foreign language aspects of professional and*  
21           *other fields of study; and*

22           “(iv) *instruction and research on*  
23           *issues in world affairs which concern one or*  
24           *more countries.*

1           “(2) *AUTHORIZED ACTIVITIES.*—Any such grant  
2           may be used to pay all or part of the cost of establish-  
3           ing or operating a center or program, including the  
4           cost of—

5                   “(A) *faculty, staff, and student travel in*  
6                   *foreign areas, regions, or countries;*

7                   “(B) *teaching and research materials;*

8                   “(C) *curriculum planning and development;*

9                   “(D) *bringing visiting scholars and faculty*  
10                  *to the center to teach or to conduct research;*

11                  “(E) *establishing and maintaining linkages*  
12                  *with overseas institutions of higher education*  
13                  *and other organizations that may contribute to*  
14                  *the teaching and research of the center or pro-*  
15                  *gram; and*

16                  “(F) *training and improvement of the staff,*  
17                  *for the purpose of, and subject to such conditions*  
18                  *as the Secretary finds necessary for, carrying out*  
19                  *this section.*

20           “(3) *GRANTS TO MAINTAIN LIBRARY COLLEC-*  
21           *TIONS.*—The Secretary may make grants to centers  
22           described in paragraph (1) having important library  
23           collections, as determined by the Secretary, for the  
24           maintenance of such collections.



1           “(4) *OUTREACH GRANTS AND SUMMER INSTI-*  
2           *TUTES.—The Secretary may make additional grants*  
3           *to centers described in paragraph (1) for any one or*  
4           *more of the following purposes:*

5                   “(A) *Programs of linkage or outreach be-*  
6                   *tween foreign language, area studies, and other*  
7                   *international fields and professional schools and*  
8                   *colleges.*

9                   “(B) *Programs of linkage or outreach with*  
10                  *2-year and 4-year colleges and universities.*

11                  “(C) *Programs of linkage or outreach with*  
12                  *departments or agencies of Federal and State*  
13                  *Governments.*

14                  “(D) *Programs of linkage or outreach with*  
15                  *the news media, business, professional, or trade*  
16                  *associations.*

17                  “(E) *Summer institutes in foreign area,*  
18                  *foreign language, and other international fields*  
19                  *designed to carry out the programs of linkage*  
20                  *and outreach in subparagraphs (A), (B), (C),*  
21                  *and (D).*

22           “(b) *STIPENDS FOR FOREIGN LANGUAGE AND AREA*  
23           *STUDIES.—*

24                   “(1) *IN GENERAL.—The Secretary is authorized*  
25                   *to make grants to institutions of higher education or*

1       *combinations of such institutions for the purpose of*  
2       *paying stipends to individuals undergoing advanced*  
3       *training in any center or program approved by the*  
4       *Secretary.*

5           “(2) *REQUIREMENTS.*—*Students receiving sti-*  
6       *pends described in paragraph (1) shall be individuals*  
7       *who are engaged in an instructional program with*  
8       *stated performance goals for functional foreign lan-*  
9       *guage use or in a program developing such perform-*  
10       *ance goals, in combination with area studies, inter-*  
11       *national studies, or the international aspects of a pro-*  
12       *fessional studies program.*

13           “(3) *ALLOWANCES.*—*Stipends awarded to grad-*  
14       *uate level recipients may include allowances for de-*  
15       *pendents and for travel for research and study in the*  
16       *United States and abroad.*

17           “(c) *SPECIAL RULE WITH RESPECT TO TRAVEL.*—*No*  
18       *funds may be expended under this part for undergraduate*  
19       *travel except in accordance with rules prescribed by the Sec-*  
20       *retary setting forth policies and procedures to assure that*  
21       *Federal funds made available for such travel are expended*  
22       *as part of a formal program of supervised study.*

23       **“SEC. 603. LANGUAGE RESOURCE CENTERS.**

24           “(a) *LANGUAGE RESOURCE CENTERS AUTHORIZED.*—  
25       *The Secretary is authorized to make grants to and enter*

1 *into contracts with institutions of higher education, or com-*  
2 *binations of such institutions, for the purpose of establish-*  
3 *ing, strengthening, and operating a small number of na-*  
4 *tional language resource and training centers, which shall*  
5 *serve as resources to improve the capacity to teach and*  
6 *learn foreign languages effectively.*

7       “(b) *AUTHORIZED ACTIVITIES.*—*The activities carried*  
8 *out by the centers described in subsection (a)—*

9               “(1) *shall include effective dissemination efforts,*  
10 *whenever appropriate; and*

11               “(2) *may include—*

12                       “(A) *the conduct and dissemination of re-*  
13 *search on new and improved teaching methods,*  
14 *including the use of advanced educational tech-*  
15 *nology;*

16                       “(B) *the development and dissemination of*  
17 *new teaching materials reflecting the use of such*  
18 *research in effective teaching strategies;*

19                       “(C) *the development, application, and dis-*  
20 *semination of performance testing appropriate to*  
21 *an educational setting for use as a standard and*  
22 *comparable measurement of skill levels in all*  
23 *languages;*

24                       “(D) *the training of teachers in the admin-*  
25 *istration and interpretation of performance tests,*



1 *IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOR-*  
2 *EIGN LANGUAGES.—*

3           “(1) *AUTHORITY.—The Secretary is authorized*  
4 *to make grants to institutions of higher education,*  
5 *combinations of such institutions, or partnerships be-*  
6 *tween nonprofit educational institutions and institu-*  
7 *tions of higher education, to assist such institutions,*  
8 *combinations or partnerships in planning, develop-*  
9 *ing, and carrying out programs to improve under-*  
10 *graduate instruction in international studies and for-*  
11 *ign languages. Such grants shall be awarded to insti-*  
12 *tutions, combinations or partnerships seeking to cre-*  
13 *ate new programs or to strengthen existing programs*  
14 *in area studies, foreign languages, and other inter-*  
15 *national fields.*

16           “(2) *FEDERAL SHARE AND USE OF FUNDS.—*  
17 *Grants made under this section may be used to pay*  
18 *not more than 50 percent of the cost of projects and*  
19 *activities which are an integral part of such a pro-*  
20 *gram, such as—*

21                   “(A) *planning for the development and ex-*  
22 *pansion of undergraduate programs in inter-*  
23 *national studies and foreign languages;*

24                   “(B) *teaching, research, curriculum develop-*  
25 *ment, faculty training in the United States or*

1           *abroad, and other related activities, including*  
2           *the expansion of library and teaching resources;*

3           “(C) *expansion of opportunities for learning*  
4           *foreign languages, including less commonly*  
5           *taught languages;*

6           “(D) *programs under which foreign teachers*  
7           *and scholars may visit institutions as visiting*  
8           *faculty;*

9           “(E) *programs designed to develop or en-*  
10          *hance linkages between 2-year and 4-year insti-*  
11          *tutions of higher education, or baccalaureate and*  
12          *post-baccalaureate programs or institutions;*

13          “(F) *the development of undergraduate*  
14          *study abroad programs in locations abroad in*  
15          *which such study opportunities are not otherwise*  
16          *available and the integration of these programs*  
17          *into specific on-campus degree programs;*

18          “(G) *the development of model programs to*  
19          *enhance the effectiveness of study abroad, includ-*  
20          *ing predeparture and post return programs;*

21          “(H) *the development of programs designed*  
22          *to integrate professional and technical education*  
23          *with area studies, foreign languages, and other*  
24          *international fields;*

1           “(I) the conduct of summer institutes in for-  
2           foreign area, foreign language, and other inter-  
3           national fields for purposes that are consistent  
4           with the projects and activities described in this  
5           subsection; and

6           “(J) the development of partnerships be-  
7           tween institutions of higher education and the  
8           private sector, government, and elementary and  
9           secondary education institutions to enhance  
10          international knowledge.

11          “(3) *NON-FEDERAL SHARE.*—The non-Federal  
12          share of the cost of the programs assisted under this  
13          subsection may be provided either in cash or in kind.  
14          Such assistance may be composed of institutional and  
15          noninstitutional funds, including State, private sec-  
16          tor, corporation, or foundation contributions.

17          “(4) *PRIORITY.*—In awarding grants under this  
18          section, the Secretary shall give priority to applica-  
19          tions from institutions of higher education, combina-  
20          tions or partnerships that require entering students to  
21          have successfully completed at least 2 years of second-  
22          ary school foreign language instruction or that re-  
23          quire each graduating student to earn 2 years of post-  
24          secondary credit in a foreign language (or have dem-  
25          onstrated equivalent competence in the foreign lan-

1        *guage) or, in the case of a 2-year degree granting in-*  
2        *stitution, offer 2 years of postsecondary credit in a*  
3        *foreign language.*

4            “(5) *GRANT CONDITIONS.*—*Grants under this*  
5        *subsection shall be made on such conditions as the*  
6        *Secretary determines to be necessary to carry out this*  
7        *subsection.*

8            “(6) *APPLICATION.*—*Each application for assist-*  
9        *ance under this subsection shall include—*

10            “(A) *evidence that the applicant has con-*  
11        *ducted extensive planning prior to submitting*  
12        *the application;*

13            “(B) *an assurance that the faculty and ad-*  
14        *ministrators of all relevant departments and*  
15        *programs served by the applicant are involved in*  
16        *ongoing collaboration with regard to achieving*  
17        *the stated objectives of the application;*

18            “(C) *an assurance that students at the ap-*  
19        *plicant institutions, as appropriate, will have*  
20        *equal access to, and derive benefits from, the pro-*  
21        *gram assisted under this subsection; and*

22            “(D) *an assurance that each institution,*  
23        *combination or partnership will use the Federal*  
24        *assistance provided under this subsection to sup-*  
25        *plement and not supplant funds expended by the*



1           *institution, prior to the receipt of the Federal as-*  
2           *sistance, for programs to improve undergraduate*  
3           *instruction in international studies and foreign*  
4           *languages.*

5           “(7) *EVALUATION.*—*The Secretary may establish*  
6           *requirements for program evaluations and require*  
7           *grant recipients to submit annual reports that evalu-*  
8           *ate the progress and performance of students partici-*  
9           *pating in programs assisted under this subsection.*

10          “(b) *PROGRAMS OF NATIONAL SIGNIFICANCE.*—*The*  
11         *Secretary may also award grants to public and private*  
12         *nonprofit agencies and organizations, including profes-*  
13         *sional and scholarly associations, whenever the Secretary*  
14         *determines such grants will make an especially significant*  
15         *contribution to improving undergraduate international*  
16         *studies and foreign language programs.*

17         **“SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.**

18           “(a) *AUTHORIZED ACTIVITIES.*—*The Secretary may,*  
19         *directly or through grants or contracts, conduct research*  
20         *and studies that contribute to achieving the purposes of this*  
21         *part. Such research and studies may include—*

22           “(1) *studies and surveys to determine needs for*  
23         *increased or improved instruction in foreign lan-*  
24         *guage, area studies, or other international fields, in-*  
25         *cluding the demand for foreign language, area, and*

1     *other international specialists in government, edu-*  
2     *cation, and the private sector;*

3             *“(2) studies and surveys to assess the utilization*  
4     *of graduates of programs supported under this title by*  
5     *governmental, educational, and private sector organi-*  
6     *zations and other studies assessing the outcomes and*  
7     *effectiveness of programs so supported;*

8             *“(3) evaluation of the extent to which programs*  
9     *assisted under this title that address national needs*  
10    *would not otherwise be offered;*

11            *“(4) comparative studies of the effectiveness of*  
12    *strategies to provide international capabilities at in-*  
13    *stitutions of higher education;*

14            *“(5) research on more effective methods of pro-*  
15    *viding instruction and achieving competency in for-*  
16    *eign languages;*

17            *“(6) the development and publication of special-*  
18    *ized materials for use in foreign language, area stud-*  
19    *ies, and other international fields, or for training for-*  
20    *eign language, area, and other international special-*  
21    *ists;*

22            *“(7) studies and evaluations of effective practices*  
23    *in the dissemination of international information,*  
24    *materials, research, teaching strategies, and testing*

1       *techniques throughout the education community, in-*  
2       *cluding elementary and secondary schools; and*

3               “(8) *the application of performance tests and*  
4       *standards across all areas of foreign language instruc-*  
5       *tion and classroom use.*

6       “(b) *ANNUAL REPORT.—The Secretary shall prepare,*  
7       *publish, and announce an annual report listing the books*  
8       *and research materials produced with assistance under this*  
9       *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, evaluates*  
14       *the applications for comprehensive and undergraduate lan-*  
15       *guage and area centers and programs.*

16       “(b) *SELECTION CRITERIA.—The Secretary shall set*  
17       *criteria for grants awarded under section 602 by which a*  
18       *determination of excellence shall be made to meet the differ-*  
19       *ing objectives of graduate and undergraduate institutions.*

20       “(c) *EQUITABLE DISTRIBUTION OF GRANTS.—The*  
21       *Secretary shall, to the extent practicable, award grants*  
22       *under this part (other than section 602) in such manner*  
23       *as to achieve an equitable distribution of the grant funds*  
24       *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 make*  
5 *excellence the criterion for selection of grants awarded*  
6 *under section 602.*

7       “(b) *EQUITABLE DISTRIBUTION.*—*To the extent prac-*  
8 *ticable and consistent with the criterion of excellence, the*  
9 *Secretary shall award grants under this part (other than*  
10 *section 602) in such a manner as will achieve an equitable*  
11 *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 consortium*  
21 *of institutions of higher education (hereafter in this section*  
22 *referred to as a “center”)* to enable such center to promote  
23 *postgraduate research, exchanges and area studies.*

24       “(b) *USE OF GRANTS.*—*Grants made and contracts*  
25 *entered into pursuant to this section may be used to pay*

1 *all or a portion of the cost of establishing or operating a*  
2 *center or program, including—*

3           “(1) *the cost of faculty and staff stipends and*  
4 *salaries;*

5           “(2) *the cost of faculty, staff, and student travel;*

6           “(3) *the cost of the operation and maintenance*  
7 *of overseas facilities;*

8           “(4) *the cost of teaching and research materials;*

9           “(5) *the cost of acquisition, maintenance, and*  
10 *preservation of library collections;*

11           “(6) *the cost of bringing visiting scholars and*  
12 *faculty to a center to teach or to conduct research;*

13           “(7) *the cost of organizing and managing con-*  
14 *ferences; and*

15           “(8) *the cost of publication and dissemination of*  
16 *material for the scholarly and general public.*

17           “(c) *LIMITATION.—The Secretary shall only award*  
18 *grants to and enter into contracts with centers under this*  
19 *section that—*

20           “(1) *receive more than 50 percent of their fund-*  
21 *ing from public or private United States sources;*

22           “(2) *have a permanent presence in the country*  
23 *in which the center is located; and*

24           “(3) *are organizations described in section*  
25 *501(c)(3) of the Internal Revenue Code of 1986 which*



1           (B) in subsection (d)(2)(G), by inserting “,  
2           such as a representative of a community college  
3           in the region served by the center” before the pe-  
4           riod; and

5           (2) in section 614 (20 U.S.C. 1130b)—

6           (A) in subsection (a), by striking “1993”  
7           and inserting “1999”; and

8           (B) in subsection (b), by striking “1993”  
9           and inserting “1999”.

10 **SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.**

11        Part C of title VI (20 U.S.C. 1131 et seq.) is amend-  
12 ed—

13           (1) in section 621(e) (20 U.S.C. 1131(e))—

14           (A) by striking “one-fourth” and inserting  
15           “one-half”; and

16           (B) by adding at the end the following:  
17           “The non-Federal contribution shall be made  
18           from private sector sources.”;

19           (2) by redesignating sections 622 through 627  
20           (20 U.S.C. 1131a and 1131f) as sections 623 through  
21           628, respectively; and

22           (3) by inserting after section 621 (20 U.S.C.  
23           1131) the following:

1 **“SEC. 622. INSTITUTIONAL DEVELOPMENT.**

2       “(a) *IN GENERAL.*—*The Institute shall award grants,*  
3 *from amounts available to the Institute for each fiscal year,*  
4 *to historically Black colleges and universities, Hispanic-*  
5 *serving institutions, Tribally Controlled Colleges or Univer-*  
6 *sities, and minority institutions, to enable such colleges,*  
7 *universities, and institutions to strengthen international af-*  
8 *fairs programs.*

9       “(b) *APPLICATION.*—*No grant may be made by the In-*  
10 *stitute unless an application is made by the college, univer-*  
11 *sity, or institution at such time, in such manner, and ac-*  
12 *companied by such information as the Institute may re-*  
13 *quire.*

14       “(c) *DEFINITIONS.*—*In this section—*

15               “(1) *the term ‘historically Black college and uni-*  
16 *versity’ has the meaning given the term in section*  
17 *322;*

18               “(2) *the term ‘Hispanic-serving institution’ has*  
19 *the meaning given the term in section 585;*

20               “(3) *the term ‘Tribally Controlled College or*  
21 *University’ has the meaning given the term in section*  
22 *2 of the Tribally Controlled College or University As-*  
23 *sistance Act of 1978 (25 U.S.C. 1801); and*

24               “(4) *the term ‘minority institution’ has the*  
25 *meaning given the term in section 365.”;*



1           (4) in section 623 (as redesignated by paragraph  
2       (2))—

3           (A) in the section heading, by striking  
4       “**JUNIOR YEAR**” and inserting “**STUDY**”;

5           (B) in subsection (b)(2)—

6           (i) by inserting “, or completing the  
7       third year of study in the case of a summer  
8       abroad program,” after “study”; and

9           (ii) by striking “junior year” and in-  
10       serting “study”;

11          (C) in subsection (c)—

12          (i) in the matter preceding paragraph  
13       (1), by striking “junior year” and inserting  
14       “study”;

15          (ii) in paragraph (1), by striking  
16       “junior year” and inserting “study”; and

17          (iii) in paragraph (2)—

18               (I) by striking “one-half” and in-  
19       serting “one-third”; and

20               (II) by striking “junior year” and  
21       inserting “study”;

22       (5) in section 627 (as redesignated by paragraph  
23       (2)) (20 U.S.C. 1131e), by striking “625” and insert-  
24       ing “626”; and

1           (6) in section 628 (as redesignated by paragraph  
2           (2)) (20 U.S.C. 1131f), by striking “1993” and insert-  
3           ing “1999”.

4 **SEC. 604. GENERAL PROVISIONS.**

5           Section 632 (20 U.S.C. 1132–1) is repealed.

6 **TITLE VII—RELATED PROGRAMS**  
7 **AND AMENDMENTS TO OTHER**  
8 **ACTS**

9 **PART A—INDIAN EDUCATION PROGRAMS**

10 **SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE**  
11 **ASSISTANCE ACT OF 1978.**

12           (a) *REAUTHORIZATION.*—

13           (1) *AMOUNT OF GRANTS.*—Section 108(a)(2) of  
14           the Tribally Controlled Community College Assistance  
15           Act of 1978 (25 U.S.C. 1808(a)(2)) is amended by  
16           striking “\$5,820” and inserting “\$6,000”.

17           (2) *AUTHORIZATION OF APPROPRIATIONS.*—

18           (A) *TITLE I.*—Section 110(a) of the Trib-  
19           ally Controlled Community College Assistance  
20           Act of 1978 (25 U.S.C. 1810(a)) is amended—

21           (i) in paragraph (1), by striking  
22           “1993” and inserting “1999”;

23           (ii) in paragraph (2), by striking  
24           “\$30,000,000 for fiscal year 1993” and in-  
25           serting “\$40,000,000 for fiscal year 1999”;

1                   (iii) in paragraph (3), by striking  
2                   “1993” and inserting “1999”; and

3                   (iv) in paragraph (4), by striking  
4                   “1993” and inserting “1999”.

5                   (B) *TITLE III.—Section 306(a) of the Trib-*  
6                   *ally Controlled Community College Assistance*  
7                   *Act of 1978 (25 U.S.C. 1836(a)) is amended by*  
8                   *striking “1993” and inserting “1999”.*

9                   (C) *TITLE IV.—Section 403 of the Tribal*  
10                   *Economic Development and Technology Related*  
11                   *Education Assistance Act of 1990 (25 U.S.C.*  
12                   *1852) is amended by striking “1993” and insert-*  
13                   *ing “1999”.*

14                   (b) *NAME CHANGE.—The Tribally Controlled Commu-*  
15                   *nity College Assistance Act of 1978 (25 U.S.C. 1801 et seq.)*  
16                   *is amended—*

17                   (1) *by striking “community college” each place*  
18                   *the term appears and inserting “college or univer-*  
19                   *sity”;*

20                   (2) *by striking “Community College” each place*  
21                   *the term appears (other than when such term is pre-*  
22                   *ceded by the term “Navajo”) and inserting “College or*  
23                   *University”;*

1           (3) by striking “community colleges” each place  
2           the term appears and inserting “colleges or univer-  
3           sities”;

4           (4) by striking “such college” each place the term  
5           appears and inserting “such college or university”;  
6           and

7           (5) by striking “community college’s” and insert-  
8           ing “college or university’s”.

9   **SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE**  
10                   **HAWAIIAN CULTURE AND ART DEVELOP-**  
11                   **MENT.**

12           Section 1531 of the American Indian, Alaska Native,  
13           and Native Hawaiian Culture and Art Development Act  
14           (20 U.S.C. 4451) is amended to read as follows:

15   **“SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.**

16           “There is authorized to be appropriated to carry out  
17           part A \$5,000,000 for fiscal year 1999.”.

18           **PART B—ADVANCED PLACEMENT INCENTIVE**  
19                   **PROGRAM**

20   **SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.**

21           (a) *PROGRAM ESTABLISHED.*—The Secretary of Edu-  
22           cation is authorized to make grants to States having appli-  
23           cations approved under subsection (d), from allotments  
24           under subsection (b), to enable the States to reimburse low-

1 *income individuals to cover part or all of the cost of ad-*  
2 *vanced placement test fees, if the low-income individuals—*

3 *(1) are enrolled in an advanced placement class;*

4 *and*

5 *(2) plan to take an advanced placement test.*

6 *(b) ALLOTMENT.—From the sum appropriated under*  
7 *subsection (j) for a fiscal year, the Secretary shall allot to*  
8 *each State an amount that bears the same relation to the*  
9 *sum as the number of low-income individuals in the State*  
10 *bears to the number of low-income individuals in all States.*

11 *(c) INFORMATION DISSEMINATION.—The State edu-*  
12 *cational agency may use not more than 5 percent of grant*  
13 *funds received for a fiscal year to disseminate information*  
14 *regarding the availability of test fee payments under this*  
15 *section to eligible individuals through secondary school*  
16 *teachers and guidance counselors.*

17 *(d) REQUIREMENTS FOR APPROVAL OF APPLICA-*  
18 *TIONS.—In approving applications for grants the Secretary*  
19 *of Education shall—*

20 *(1) require that each such application contain a*  
21 *description of the advance placement test fees the*  
22 *State will pay on behalf of individual students;*

23 *(2) require an assurance that any funds received*  
24 *under this section, other than funds used in accord-*

1        *ance with subsection (c), shall be used only to pay ad-*  
2        *vanced placement test fees; and*

3            *(3) contain such information as the Secretary*  
4        *may require to demonstrate that the State will ensure*  
5        *that a student is eligible for payments under this sec-*  
6        *tion, including the documentation required by chapter*  
7        *1 of subpart 2 of part A of title IV of the Higher*  
8        *Education Act of 1965 (20 U.S.C. 1070a–11 et seq.).*

9        *(e) FUNDING RULE.—Funds provided under this sec-*  
10       *tion shall be used to supplement and not supplant other*  
11       *Federal, State, local or private funds available to assist low-*  
12       *income individuals in paying for advanced placement test-*  
13       *ing, except that such funds may be used to supplant the*  
14       *funds so available if the funds used to supplant are used*  
15       *to increase the participation of low-income individuals in*  
16       *advanced placement courses through teacher training and*  
17       *other activities directly related to increasing the availabil-*  
18       *ity of advanced placement courses.*

19       *(f) SPECIAL RULE.—The Secretary of Education shall*  
20       *only award grants under this section for a fiscal year if*  
21       *the amount the College Board spends for the College Board’s*  
22       *fee assistance program for low-income students for the fiscal*  
23       *year is not less than the amount the College Board spent*  
24       *for such program for the preceding fiscal year.*

1           (g) *REGULATIONS.*—*The Secretary of Education shall*  
2 *prescribe such regulations as are necessary to carry out this*  
3 *section.*

4           (h) *REPORT.*—*Each State annually shall report to the*  
5 *Secretary of Education regarding—*

6                 (1) *the number of low-income individuals in the*  
7 *State who receive assistance under this section; and*

8                 (2) *the teacher training and other activities de-*  
9 *scribed in subsection (e).*

10          (i) *DEFINITION.*—*In this section:*

11                 (1) *ADVANCED PLACEMENT TEST.*—*The term*  
12 *“advanced placement test” includes only an advanced*  
13 *placement test approved by the Secretary of Edu-*  
14 *cation for the purposes of this section.*

15                 (2) *LOW-INCOME INDIVIDUAL.*—*The term “low-*  
16 *income individual” has the meaning given the term*  
17 *in section 402A(g)(2) of the Higher Education Act of*  
18 *1965 (20 U.S.C. 1070a–11(g)(2)).*

19          (j) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*  
20 *authorized to be appropriated \$10,000,000 for fiscal year*  
21 *1999 and such sums as may be necessary for each of the*  
22 *4 succeeding fiscal years to carry out this section.*

1 **PART C—UNITED STATES INSTITUTE OF PEACE**

2 **SEC. 731. AUTHORITIES OF THE UNITED STATES INSTITUTE**  
 3 **OF PEACE.**

4 *The United States Institute of Peace Act (22 U.S.C.*  
 5 *4601 et seq.) is amended—*

6 *(1) in section 1705 (22 U.S.C. 4604)—*

7 *(A) in subsection (f), by inserting “personal*  
 8 *service and other” after “may enter into”; and*

9 *(B) in subsection (o), by inserting after*  
 10 *“Services” the following: “and use all sources of*  
 11 *supply and services of the General Services Ad-*  
 12 *ministration”;*

13 *(2) in section 1710(a)(1) (22 U.S.C.*  
 14 *4609(a)(1))—*

15 *(A) by striking “1993” and inserting*  
 16 *“1999”; and*

17 *(B) by striking “6” and inserting “4”; and*

18 *(3) in the second and third sentences of section*  
 19 *1712 (22 U.S.C. 4611), by striking “shall” each place*  
 20 *the term appears and inserting “may”.*

21 **PART D—COMMUNITY SCHOLARSHIP**

22 **MOBILIZATION**

23 **SEC. 741. SHORT TITLE.**

24 *This part may be cited as the “Community Scholar-*  
 25 *ship Mobilization Act.”*



1 **SEC. 742. FINDINGS.**

2 *Congress finds that—*

3 *(1) the local community, when properly orga-*  
4 *nized and challenged, is one of the best sources of aca-*  
5 *demie support, motivation toward achievement, and*  
6 *financial resources for aspiring postsecondary stu-*  
7 *dents;*

8 *(2) local communities, working to complement or*  
9 *augment services currently offered by area schools and*  
10 *colleges, can raise the educational expectations and*  
11 *increase the rate of postsecondary attendance of their*  
12 *youth by forming locally-based organizations that*  
13 *provide both academic support (including guidance,*  
14 *counseling, mentoring, tutoring, encouragement, and*  
15 *recognition) and tangible, locally raised, effectively*  
16 *targeted, publicly recognized, financial assistance;*

17 *(3) proven methods of stimulating these commu-*  
18 *nity efforts can be promoted through Federal support*  
19 *for the establishment of regional, State or community*  
20 *program centers to organize and challenge community*  
21 *efforts to develop educational incentives and support*  
22 *for local students; and*

23 *(4) using Federal funds to leverage private con-*  
24 *tributions to help students from low-income families*  
25 *attain educational and career goals is an efficient*

1        *and effective investment of scarce taxpayer-provided*  
2        *resources.*

3        **SEC. 743. DEFINITIONS.**

4        *In this part:*

5                (1) *REGIONAL, STATE OR COMMUNITY PROGRAM*  
6        *CENTER.—The term “regional, State or community*  
7        *program center” means an organization that—*

8                (A) *is a division of, responsible to, and*  
9                *overseen by, the national organization; and*

10                (B) *is staffed by professionals trained to*  
11                *create, develop, and sustain local entities in*  
12                *towns, cities, and neighborhoods.*

13                (2) *LOCAL ENTITY.—The term “local entity”*  
14        *means an organization that—*

15                (A) *is a nonprofit organization that is de-*  
16                *scribed in section 501(c)(3) of the Internal Reve-*  
17                 *nue Code of 1986, and exempt from taxation*  
18                *under section 501(a) of such Code (or shall meet*  
19                *this criteria through affiliation with the national*  
20                *organization);*

21                (B) *is formed for the purpose of providing*  
22                *educational scholarships and academic support*  
23                *for residents of the local community served by*  
24                *such organization;*

1           (C) solicits broad-based community support  
2           in its academic support and fund-raising activi-  
3           ties;

4           (D) is broadly representative of the local  
5           community in the structures of its volunteer-op-  
6           erated organization and has a board of directors  
7           that includes leaders from local neighborhood or-  
8           ganizations and neighborhood residents, such as  
9           school or college personnel, parents, students,  
10          community agency representatives, retirees, and  
11          representatives of the business community;

12          (E) awards scholarships without regard to  
13          age, sex, marital status, race, creed, color, reli-  
14          gion, national origin or disability; and

15          (F) gives priority to awarding scholarships  
16          for postsecondary education to deserving students  
17          from low-income families in the local commu-  
18          nity.

19          (3) NATIONAL ORGANIZATION.—The term “na-  
20          tional organization” means an organization that—

21               (A) has the capacity to create, develop and  
22               sustain local entities and affiliated regional,  
23               State or community program centers;

24               (B) has the capacity to sustain newly cre-  
25               ated local entities in towns, cities, and neighbor-

1            *hoods through ongoing training support pro-*  
2            *grams;*

3            *(C) is described in section 501(c)(3) of the*  
4            *Internal Revenue Code of 1986, and exempt from*  
5            *taxation under section 501(a) of such Code;*

6            *(D) is a publicly supported organization*  
7            *within the meaning of section 170(b)(1)(A)(iv) of*  
8            *such Code;*

9            *(E) ensures that each of the organization's*  
10           *local entities meet the criteria described in sub-*  
11           *paragraphs (C) and (D); and*

12           *(F) has a program for or experience in co-*  
13           *operating with secondary and postsecondary in-*  
14           *stitutions in carrying out the organization's*  
15           *scholarship and academic support activities.*

16           *(4) HIGH POVERTY AREA.—The term “high pov-*  
17           *erty area” means a community with a higher per-*  
18           *centage of children from low-income families than the*  
19           *national average of such percentage and a lower per-*  
20           *centage of children pursuing postsecondary education*  
21           *than the national average of such percentage.*

22           *(5) STUDENTS FROM LOW-INCOME FAMILIES.—*  
23           *The term “students from low-income families” means*  
24           *students determined, pursuant to part F of title IV of*  
25           *the Higher Education Act of 1965 (20 U.S.C. 1087kk*

1 *et seq.*), to be eligible for a Federal Pell Grant under  
2 *subpart 1 of part A of title IV of such Act (20 U.S.C.*  
3 *1070a).*

4 **SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.**

5 *(a) PURPOSE.—It is the purpose of this part to estab-*  
6 *lish and support regional, State or community program*  
7 *centers to enable such centers to foster the development of*  
8 *local entities in high poverty areas that promote higher edu-*  
9 *cation goals for students from low-income families by—*

10 *(1) providing academic support, including guid-*  
11 *ance, counseling, mentoring, tutoring, and recogni-*  
12 *tion; and*

13 *(2) providing scholarship assistance for the cost*  
14 *of postsecondary education.*

15 *(b) ENDOWMENT GRANT AUTHORITY.—From the funds*  
16 *appropriated pursuant to the authority of section 746, the*  
17 *Secretary shall award an endowment grant, on a competi-*  
18 *tive basis, to a national organization to enable such organi-*  
19 *zation to support the establishment or ongoing work of re-*  
20 *gional, State or community program centers that foster the*  
21 *development of local entities in high poverty areas to im-*  
22 *prove high school graduation rates and postsecondary at-*  
23 *tendance through the provision of academic support services*  
24 *and scholarship assistance for the cost of postsecondary edu-*  
25 *cation.*

1 **SEC. 745. GRANT AGREEMENT AND REQUIREMENTS.**

2       (a) *IN GENERAL.*—*The Secretary shall award one or*  
3 *more endowment grants described in section 744(b) pursu-*  
4 *ant to an agreement between the Secretary and a national*  
5 *organization. Such agreement shall—*

6           (1) *require the national organization to establish*  
7 *an endowment fund in the amount of the grant, the*  
8 *corpus of which shall remain intact and the interest*  
9 *income from which shall be used to support the activi-*  
10 *ties described in paragraphs (2) and (3);*

11           (2) *require the national organization to use 70*  
12 *percent of the interest income from the endowment*  
13 *fund in any fiscal year to support the establishment*  
14 *or ongoing work of regional, State or community pro-*  
15 *gram centers to enable such centers to work with local*  
16 *communities to establish local entities in high poverty*  
17 *areas and provide ongoing technical assistance, train-*  
18 *ing workshops, and other activities to help ensure the*  
19 *ongoing success of the local entities;*

20           (3) *require the national organization to use 30*  
21 *percent of the interest income from the endowment*  
22 *fund in any fiscal year to provide scholarships for*  
23 *postsecondary education to students from low-income*  
24 *families, which scholarships shall be matched on a*  
25 *dollar-for-dollar basis from funds raised by the local*  
26 *entities;*

1           (4) *require that at least 50 percent of all the in-*  
2 *terest income from the endowment be allocated to es-*  
3 *tablish new local entities or support regional, State or*  
4 *community program centers in high poverty areas;*

5           (5) *require the national organization to submit,*  
6 *for each fiscal year in which such organization uses*  
7 *the interest from the endowment fund, a report to the*  
8 *Secretary that contains—*

9           (A) *a description of the programs and ac-*  
10 *tivities supported by the interest on the endow-*  
11 *ment fund;*

12           (B) *the audited financial statement of the*  
13 *national organization for the preceding fiscal*  
14 *year;*

15           (C) *a plan for the programs and activities*  
16 *to be supported by the interest on the endowment*  
17 *fund as the Secretary may require; and*

18           (D) *an evaluation of the programs and ac-*  
19 *tivities supported by the interest on the endow-*  
20 *ment fund as the Secretary may require; and*

21           (E) *data indicating the number of students*  
22 *from low-income families who receive scholar-*  
23 *ships from local entities, and the amounts of*  
24 *such scholarships;*

1           (6) contain such assurances as the Secretary  
2           may require with respect to the management and op-  
3           eration of the endowment fund; and

4           (7) contain an assurance that if the Secretary  
5           determines that such organization is not in substan-  
6           tial compliance with the provisions of this part, then  
7           the national organization shall pay to the Secretary  
8           an amount equal to the corpus of the endowment fund  
9           plus any accrued interest on such fund that is avail-  
10          able to the national organization on the date of such  
11          determination.

12          (b) *RETURNED FUNDS.*—All funds returned to the Sec-  
13          retary pursuant to subsection (a)(7) shall be available to  
14          the Secretary to carry out any scholarship or grant pro-  
15          gram assisted under title IV of the Higher Education Act  
16          of 1965 (20 U.S.C. 1070 et seq.).

17          **SEC. 746. AUTHORIZATION OF APPROPRIATIONS.**

18          There are authorized to be appropriated to carry out  
19          this part \$10,000,000 for fiscal year 2000.



1 **PART E—GRANTS TO STATES FOR WORKPLACE**  
2 **AND COMMUNITY TRANSITION TRAINING**  
3 **FOR INCARCERATED YOUTH OFFENDERS**

4 **SEC. 751. GRANTS TO STATES FOR WORKPLACE AND COM-**  
5 **MUNITY TRANSITION TRAINING FOR INCAR-**  
6 **CERATED YOUTH OFFENDERS.**

7 *(a) FINDINGS.—Congress makes the following findings:*

8 *(1) Over 150,000 youth offenders age 21 and*  
9 *younger are incarcerated in the Nation’s jails, juve-*  
10 *nile facilities, and prisons.*

11 *(2) Most youth offenders who are incarcerated*  
12 *have been sentenced as first-time adult felons.*

13 *(3) Approximately 75 percent of youth offenders*  
14 *are high school dropouts who lack basic literacy and*  
15 *life skills, have little or no job experience, and lack*  
16 *marketable skills.*

17 *(4) The average incarcerated youth has attended*  
18 *school only through grade 10.*

19 *(5) Most of these youths can be diverted from a*  
20 *life of crime into productive citizenship with available*  
21 *educational, vocational, work skills, and related serv-*  
22 *ice programs.*

23 *(6) If not involved with educational programs*  
24 *while incarcerated, almost all of these youths will re-*  
25 *turn to a life of crime upon release.*

1           (7) *The average length of sentence for a youth of-*  
2           *fender is about 3 years. Time spent in prison pro-*  
3           *vides a unique opportunity for education and train-*  
4           *ing.*

5           (8) *Even with quality education and training*  
6           *provided during incarceration, a period of intense su-*  
7           *per vision, support, and counseling is needed upon re-*  
8           *lease to ensure effective reintegration of youth offend-*  
9           *ers into society.*

10          (9) *Research consistently shows that the vast ma-*  
11          *jority of incarcerated youths will not return to the*  
12          *public schools to complete their education.*

13          (10) *There is a need for alternative educational*  
14          *opportunities during incarceration and after release.*

15          (b) *DEFINITION.*—*For purposes of this part, the term*  
16          *“youth offender” means a male or female offender under*  
17          *the age of 25, who is incarcerated in a State prison, includ-*  
18          *ing a prerelease facility.*

19          (c) *GRANT PROGRAM.*—*The Secretary of Education*  
20          *(in this section referred to as the “Secretary”) shall estab-*  
21          *lish a program in accordance with this section to provide*  
22          *grants to the State correctional education agencies in the*  
23          *States, from allocations for the States under subsection (i),*  
24          *to assist and encourage incarcerated youths to acquire func-*  
25          *tional literacy, life, and job skills, through the pursuit of*

1 *a postsecondary education certificate, or an associate of arts*  
2 *or bachelor's degree while in prison, and employment coun-*  
3 *seling and other related services which start during incar-*  
4 *ceration and continue through prerelease and while on pa-*  
5 *role.*

6 (d) *APPLICATION.—To be eligible for a grant under*  
7 *this section, a State correctional education agency shall sub-*  
8 *mit to the Secretary a proposal for a youth offender pro-*  
9 *gram that—*

10 (1) *identifies the scope of the problem, including*  
11 *the number of incarcerated youths in need of post-*  
12 *secondary education and vocational training;*

13 (2) *lists the accredited public or private edu-*  
14 *cational institution or institutions that will provide*  
15 *postsecondary educational services;*

16 (3) *lists the cooperating agencies, public and pri-*  
17 *ate, or businesses that will provide related services,*  
18 *such as counseling in the areas of career development,*  
19 *substance abuse, health, and parenting skills;*

20 (4) *describes the evaluation methods and per-*  
21 *formance measures that the State correctional edu-*  
22 *cation agency will employ, which methods and meas-*  
23 *ures—*

24 (A) *shall be appropriate to meet the goals*  
25 *and objectives of the proposal; and*

1                   (B) shall include measures of—

2                           (i) program completion;

3                           (ii) student academic and vocational  
4                   skill attainment;

5                           (iii) success in job placement and re-  
6                   tention; and

7                           (iv) recidivism;

8                   (5) describes how the proposed programs are to  
9                   be integrated with existing State correctional edu-  
10                  cation programs (such as adult education, graduate  
11                  education degree programs, and vocational training)  
12                  and State industry programs;

13                  (6) addresses the educational needs of youth of-  
14                  fenders who are in alternative programs (such as boot  
15                  camps); and

16                  (7) describes how students will be selected so that  
17                  only youth offenders eligible under subsection (f) will  
18                  be enrolled in postsecondary programs.

19                  (e) *PROGRAM REQUIREMENTS.*—Each State correc-  
20                  tional education agency receiving a grant under this section  
21                  shall—

22                           (1) integrate activities carried out under the  
23                  grant with the objectives and activities of the school-  
24                  to-work programs of such State, including—

1           (A) *work experience or apprenticeship pro-*  
2           *grams;*

3           (B) *transitional worksite job training for*  
4           *vocational education students that is related to*  
5           *the occupational goals of such students and close-*  
6           *ly linked to classroom and laboratory instruc-*  
7           *tion;*

8           (C) *placement services in occupations that*  
9           *the students are preparing to enter;*

10          (D) *employment-based learning programs;*  
11          *and*

12          (E) *programs that address State and local*  
13          *labor shortages;*

14          (2) *annually report to the Secretary and the At-*  
15          *torney General on the results of the evaluations con-*  
16          *ducted using the methods and performance measures*  
17          *contained in the proposal; and*

18          (3) *provide to each State for each student eligible*  
19          *under subsection (f) not more than \$1,500 annually*  
20          *for tuition, books, and essential materials, and not*  
21          *more than \$300 annually for related services such as*  
22          *career development, substance abuse counseling, par-*  
23          *enting skills training, and health education, for each*  
24          *eligible incarcerated youth.*

1           (f) *STUDENT ELIGIBILITY.*—A youth offender shall be  
2 eligible for participation in a program receiving a grant  
3 under this section if the youth offender—

4           (1) is eligible to be released within 5 years (in-  
5 cluding a youth offender who is eligible for parole  
6 within such time); and

7           (2) is 25 years of age or younger.

8           (g) *LENGTH OF PARTICIPATION.*—A State correctional  
9 education agency receiving a grant under this section shall  
10 provide educational and related services to each participat-  
11 ing youth offender for a period not to exceed 5 years, 1  
12 year of which may be devoted to study in a graduate edu-  
13 cation degree program or to remedial education services for  
14 students who have obtained a secondary school diploma.  
15 Educational and related services shall start during the pe-  
16 riod of incarceration in prison or prerelease and may con-  
17 tinue during the period of parole.

18           (h) *EDUCATION DELIVERY SYSTEMS.*—State correc-  
19 tional education agencies and cooperating institutions  
20 shall, to the extent practicable, use high-tech applications  
21 in developing programs to meet the requirements and goals  
22 of this section.

23           (i) *ALLOCATION OF FUNDS.*—From the amounts ap-  
24 propriated pursuant to subsection (j), the Secretary shall  
25 allot to each State an amount that bears the same relation-

1 *ship to such funds as the total number of students eligible*  
 2 *under subsection (f) in such State bears to the total number*  
 3 *of such students in all States.*

4 (j) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
 5 *authorized to be appropriated to carry out this section*  
 6 *\$14,000,000 for fiscal year 1999 and such sums as may be*  
 7 *necessary for each of the 4 succeeding fiscal years.*

8 **PART F—EDUCATION OF THE DEAF**

9 **SEC. 761. SHORT TITLE.**

10 *This part may be cited as the “Education of the Deaf*  
 11 *Amendments of 1998”.*

12 **SEC. 762. ELEMENTARY AND SECONDARY EDUCATION PRO-**  
 13 **GRAMS.**

14 *Section 104(b) of the Education of the Deaf Act of 1986*  
 15 *(20 U.S.C. 4034(b)) is amended—*

16 (1) *in paragraph (1)—*

17 (A) *in subparagraph (A), by inserting*  
 18 *“and” after the semicolon;*

19 (B) *in subparagraph (B), by striking “;*  
 20 *and” and inserting a period; and*

21 (C) *by striking subparagraph (C);*

22 (2) *in the matter preceding subparagraph (A) of*  
 23 *paragraph (2)—*

24 (A) *by striking “paragraph (1)” and insert-*  
 25 *ing “paragraph (1)(B)”;* and

1           (B) by striking “section 618(b)” and insert-  
2           ing “section 618(a)(1)(A)”;

3           (3) in paragraph (3), by striking “intermediate  
4           educational unit” and inserting “educational service  
5           agency”;

6           (4) in paragraph (4)—

7           (A) in subparagraph (A), by striking “in-  
8           termediate educational unit” and inserting “edu-  
9           cational service agency”; and

10          (B) in subparagraph (B), by striking “in-  
11          termediate educational units” and inserting  
12          “educational service agencies”; and

13          (5) by amending subparagraph (C) to read as  
14          follows:

15               “(C) provide the child a free appropriate  
16               public education in accordance with part B of  
17               the Individuals with Disabilities Education Act  
18               and procedural safeguards in accordance with  
19               the following provisions of section 615 of such  
20               Act:

21                       “(i) paragraphs (1), and (3) through  
22                       (6), of subsection (b).

23                       “(ii) Subsections (c) through (g).

24                       “(iii) Subsection (h), except for the  
25                       matter in paragraph (4) pertaining to



1                   *transmission of findings and decisions to a*  
2                   *State advisory panel.*

3                   “(iv) *Paragraphs (1) and (2) of sub-*  
4                   *section (i).*

5                   “(v) *Subsection (j)—*

6                         “(I) *except that such subsection*  
7                         *shall not be applicable to a decision by*  
8                         *the University to refuse to admit a*  
9                         *child; or*

10                       “(II) *to dismiss a child, except*  
11                       *that, before dismissing any child, the*  
12                       *University shall give at least 60 days*  
13                       *written notice to the child’s parents*  
14                       *and to the local educational agency in*  
15                       *which the child resides, unless the dis-*  
16                       *missal involves a suspension, expul-*  
17                       *sion, or other change in placement cov-*  
18                       *ered under section 615(k).*

19                   “(vi) *Subsections (k) through (m).*”.

20   **SEC. 763. AGREEMENT WITH GALLAUDET UNIVERSITY.**

21                   *Section 105(a) of the Education of the Deaf Act of*  
22    1986 (20 U.S.C. 4305(a)) *is amended—*

23                       (1) *by striking “within 1 year after enactment*  
24                       *of the Education of the Deaf Act Amendments of*

1       1992, a new” and inserting “and periodically update,  
2       an”; and

3               (2) by amending the second sentence to read as  
4       follows: “The Secretary or the University shall deter-  
5       mine the necessity for the periodic update described  
6       in the preceding sentence.”.

7       **SEC. 764. AGREEMENT FOR THE NATIONAL TECHNICAL IN-**  
8                               **STITUTION FOR THE DEAF.**

9       Paragraph (2) of section 112(a) of the Education of  
10      the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended to  
11      read as follows:

12           “(2) The Secretary and the institution of higher edu-  
13      cation with which the Secretary has an agreement under  
14      this section—

15                   “(A) shall periodically assess the need for modi-  
16      fication of the agreement; and

17                   “(B) shall periodically update the agreement as  
18      determined necessary by the Secretary or the institu-  
19      tion.”.

20      **SEC. 765. DEFINITIONS.**

21      Section 201 of the Education of the Deaf Act of 1986  
22      (20 U.S.C. 4351) is amended—

23                   (1) in paragraph (1)(C), by striking “Palau (but  
24      only until the Compact of Free Association with  
25      Palau takes effect),”; and

1           (2) *in paragraph (5)—*

2                   (A) *by inserting “and” after “Virgin Is-*  
3 *lands,”; and*

4                   (B) *by striking “, and Palau (but only*  
5 *until the Compact of Free Association with*  
6 *Palau takes effect)”.*

7 **SEC. 766. GIFTS.**

8           *Subsection (b) of section 203 of the Education of the*  
9 *Deaf Act of 1986 (20 U.S.C. 4353) is amended to read as*  
10 *follows:*

11           “(b) *INDEPENDENT FINANCIAL AND COMPLIANCE*  
12 *AUDIT.—*

13                   “(1) *IN GENERAL.—Gallaudet University shall*  
14 *have an annual independent financial and compli-*  
15 *ance audit made of the programs and activities of the*  
16 *University, including the national mission and school*  
17 *operations of the elementary and secondary education*  
18 *programs at Gallaudet. The institution of higher edu-*  
19 *cation with which the Secretary has an agreement*  
20 *under section 112 shall have an annual independent*  
21 *financial and compliance audit made of the programs*  
22 *and activities of such institution of higher education,*  
23 *including NTID, and containing specific schedules*  
24 *and analyses for all NTID funds, as determined by*  
25 *the Secretary.*

1           “(2) *COMPLIANCE.*—As used in paragraph (1),  
2           *compliance means compliance with sections 102(b),*  
3           *105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and*  
4           *(3) of section 207(b), subsections (b)(2), (b)(3), and*  
5           *(c) through (f), of section 207, and subsections (b) and*  
6           *(c) of section 210.*

7           “(3) *SUBMISSION OF AUDITS.*—A copy of each  
8           *audit described in paragraph (1) shall be provided to*  
9           *the Secretary within 15 days of acceptance of the*  
10          *audit by the University or the institution authorized*  
11          *to establish and operate the NTID under section*  
12          *112(a), as the case may be, but not later than Janu-*  
13          *ary 10 of each year.”*

14   **SEC. 767. REPORTS.**

15          *Section 204(3) of the Education of the Deaf Act of*  
16          *1986 (20 U.S.C. 4354(3)) is amended—*

17                 *(1) in subparagraph (A), by striking “The an-*  
18                 *nual” and inserting “A summary of the annual”; and*

19                 *(2) in subparagraph (B), by striking “the an-*  
20                 *nual” and inserting “a summary of the annual”.*

21   **SEC. 768. MONITORING, EVALUATION, AND REPORTING.**

22          *Section 205(c) of the Education of the Deaf Act of 1986*  
23          *(20 U.S.C. 4355(c)) is amended by striking “1993, 1994,*  
24          *1995, 1996, and 1997” and inserting “1998 through 2003”.*

1 **SEC. 769. INVESTMENTS.**

2 *Section 207 of the Education of the Deaf Act of 1986*  
3 *(20 U.S.C. 4357) is amended—*

4 *(1) in subsection (c)(1), by inserting “the Fed-*  
5 *eral contribution of” after “shall invest”;*

6 *(2) in subsection (d)(3)(A), by striking “prior”*  
7 *and inserting “current”; and*

8 *(3) in subsection (h)—*

9 *(A) in paragraph (1), by striking “1993*  
10 *through 1997” and inserting “1998 through*  
11 *2003”; and*

12 *(B) in paragraph (2), by striking “1993*  
13 *through 1997” and inserting “1998 through*  
14 *2003”.*

15 **SEC. 770. INTERNATIONAL STUDENTS.**

16 *Section 210(a) of the Education of the Deaf Act of*  
17 *1986 (20 U.S.C. 4359a(a)) is amended by inserting before*  
18 *the period “, except that in any school year no United*  
19 *States citizen who is qualified to be admitted to the Univer-*  
20 *sity or NTID and applies for admission to the University*  
21 *or NTID shall be denied admission because of the admission*  
22 *of an international student”.*

23 **SEC. 771. RESEARCH PRIORITIES.**

24 *Section 211 of the Education of the Deaf Act of 1986*  
25 *(20 U.S.C. 4360) is amended to read as follows:*

1 **“SEC. 211. RESEARCH PRIORITIES.**

2       “(a) *RESEARCH PRIORITIES.*—*Gallaudet University*  
3 *and the National Technical Institute for the Deaf shall each*  
4 *establish and disseminate priorities for their national mis-*  
5 *sion with respect to deafness related research, development,*  
6 *and demonstration activities, that reflect public input,*  
7 *through a process that includes consumers, constituent*  
8 *groups, and the heads of other federally funded programs.*  
9 *The priorities for the University shall include activities*  
10 *conducted as part of the University’s elementary and sec-*  
11 *ondary education programs under section 104.*

12       “(b) *RESEARCH REPORTS.*—*The University and*  
13 *NTID shall each prepare and submit an annual research*  
14 *report, to the Secretary, the Committee on Education and*  
15 *the Workforce of the House of Representatives, and the Com-*  
16 *mittee on Labor and Human Resources of the Senate, not*  
17 *later than January 10 of each year, that shall include—*

18               “(1) *a summary of the public input received as*  
19 *part of the establishment and dissemination of prior-*  
20 *ities required by subsection (a), and the University’s*  
21 *and NTID’s response to the input; and*

22               “(2) *a summary description of the research un-*  
23 *dertaken by the University and NTID, the start and*  
24 *projected end dates for each research project, the pro-*  
25 *jected cost and source or sources of funding for each*

1        *project, and any products resulting from research*  
2        *completed in the prior fiscal year.”.*

3        **SEC. 772. AUTHORIZATION OF APPROPRIATIONS.**

4        *Title II of the Education of the Deaf Act of 1986 (20*  
5        *U.S.C. 4351 et seq.) is amended by adding at the end the*  
6        *following:*

7        **“SEC. 212. AUTHORIZATION OF APPROPRIATIONS.**

8            *“(a) GALLAUDET UNIVERSITY.—There are authorized*  
9        *to be appropriated such sums as may be necessary for each*  
10       *of the fiscal years 1998 through 2003 to carry out the provi-*  
11       *sions of titles I and II, relating to—*

12            *“(1) Gallaudet University;*

13            *“(2) Kendall Demonstration Elementary School;*

14        *and*

15            *“(3) the Model Secondary School for the Deaf.*

16        *“(b) NATIONAL TECHNICAL INSTITUTE FOR THE*  
17       *DEAF.—There are authorized to be appropriated such sums*  
18       *as may be necessary for each of the fiscal years 1998*  
19       *through 2003 to carry out the provisions of titles I and II*  
20       *relating to the National Technical Institute for the Deaf.”.*

21        **SEC. 773. COMMISSION ON EDUCATION OF THE DEAF.**

22        *The Education of the Deaf Act of 1986 (20 U.S.C. 4301*  
23       *et seq.) is amended by adding at the end the following:*

1           **“TITLE III—COMMISSION ON**  
2           **EDUCATION OF THE DEAF**

3   **“SEC. 301. COMMISSION ESTABLISHED.**

4           “(a) *ESTABLISHMENT.*—

5                   “(1) *IN GENERAL.*—*The Secretary shall establish*  
6           *a Commission on the Education of the Deaf to iden-*  
7           *tify those education-related factors in the lives of in-*  
8           *dividuals who are deaf that result in barriers to suc-*  
9           *cessful postsecondary education experiences and em-*  
10           *ployment, and those education-related factors in the*  
11           *lives of individuals who are deaf that contribute to*  
12           *successful postsecondary education experiences and*  
13           *employment.*

14                   “(2) *DEFINITION OF INDIVIDUALS WHO ARE*  
15           *DEAF.*—*In this title, the term ‘individuals who are*  
16           *deaf’ means all persons with hearing impairments,*  
17           *including those who are hard-of-hearing, those deaf-*  
18           *ened later in life, and those who are profoundly deaf.*

19           “(b) *COMPOSITION.*—

20                   “(1) *IN GENERAL.*—*The Commission shall be*  
21           *composed of 13 members appointed by the Secretary*  
22           *from recommendations made by the National Associa-*  
23           *tion of the Deaf, the American Society for Deaf Chil-*  
24           *dren, the Alexander Graham Bell Association, the*  
25           *President of Gallaudet, the Vice President of the Na-*



1        *tional Technical Institute for the Deaf, State Schools*  
2        *for the Deaf, projects to train teachers of the deaf*  
3        *funded under section 673(b) of the Individuals with*  
4        *Disabilities Education Act, parent training and in-*  
5        *formation centers funded under section 682 of such*  
6        *Act, the Regional Centers on Postsecondary Edu-*  
7        *cation for Individuals who are Deaf funded under sec-*  
8        *tion 672 of such Act, Self-Help for Hard of Hearing*  
9        *People, and the Cothe Council on Education of the*  
10       *Deaf.*

11            “(2) *QUALIFICATIONS.—*

12                    “(A) *IN GENERAL.—Members of the Com-*  
13                    *mission shall be appointed from among individ-*  
14                    *uals who have broad experience and expertise in*  
15                    *deafness, program evaluation, education, reha-*  
16                    *bilitation, and job training generally, which ex-*  
17                    *pertise and experience shall be directly relevant*  
18                    *to the issues to be addressed by the Commission.*

19                    “(B) *DEAF INDIVIDUALS.—At least  $\frac{1}{3}$  of*  
20                    *members of the Commission shall be individuals*  
21                    *who are deaf.*

22                    “(C) *CHAIRPERSON.—The chairperson of*  
23                    *the Commission shall be elected by a simple ma-*  
24                    *jority of the Commission.*

1           “(D) *ASSISTANT SECRETARY.*—*One member*  
2           *of the Commission shall be the Assistant Sec-*  
3           *retary for Special Education and Rehabilitative*  
4           *Services.*

5           “(3) *DATE.*—*Members of the Commission shall*  
6           *be appointed not later than 90 days after the date of*  
7           *enactment of the Education of the Deaf Amendments*  
8           *of 1998.*

9   **“SEC. 302. DUTIES, REPORT, AND DURATION OF THE COM-**  
10           **MISSION.**

11           “(a) *IDENTIFICATION OF FACTORS.*—*The Commission*  
12           *shall identify, with respect to individuals who are deaf, fac-*  
13           *tors that pose barriers to or factors that facilitate—*

14                   “(1) *educational performance and progress of*  
15                   *students who are deaf in high school;*

16                   “(2) *educational performance and progress of*  
17                   *students who are deaf in postsecondary education;*

18                   “(3) *career exploration and selection;*

19                   “(4) *job performance and satisfaction in initial*  
20                   *postsecondary employment; and*

21                   “(5) *career advancement and satisfaction.*

22           “(b) *REPORT.*—*The Commission shall report to the*  
23           *President and Congress such interim reports that the Com-*  
24           *mission deems appropriate, and not later than 18 months*  
25           *after the date of enactment of the Education of the Deaf*

1 *Amendments of 1998, a final report containing the findings*  
2 *of the Commission with respect to the factors identified*  
3 *under subsection (a). The final report shall include rec-*  
4 *ommendations, including legislative proposals, that the*  
5 *Commission deems advisable.*

6       “(c) *TERMINATION.*—*The Commission shall terminate*  
7 *90 days after the date on which the Commission submits*  
8 *the Commission’s final report described in subsection (b).*

9       **“SEC. 303. ADMINISTRATIVE PROVISIONS.**

10       “(a) *PERSONNEL.*—

11               “(1) *IN GENERAL.*—*The Commission may ap-*  
12 *point such personnel, including a staff director, as the*  
13 *Commission deems necessary without regard to the*  
14 *provisions of title 5, United States Code, except that*  
15 *the rate pay for any employee of the Commission may*  
16 *not exceed the rate payable for level V of the Executive*  
17 *Schedule under section 5316 of title 5, United States*  
18 *Code.*

19               “(2) *PROCUREMENT OF TEMPORARY AND INTER-*  
20 *MITTENT SERVICES.*—*The Chairperson of the Com-*  
21 *mission may procure temporary and intermittent*  
22 *services under section 3109(b) of title 5, United States*  
23 *Code, at rates for individuals which do not exceed the*  
24 *daily equivalent of the annual rate of basic pay pre-*

1       scribed for level V of the Executive Schedule under  
2       section 5316 of such title.

3       “(b) HEARINGS; QUORUM.—

4               “(1) HEARINGS.—The Commission or, with the  
5       authorization of the Commission, any committee of  
6       the Commission, may, for the purpose of carrying out  
7       the provisions of this title, hold such hearings, sit,  
8       and act at such times and such places in the United  
9       States as the Commission or such committee may  
10      deem advisable.

11              “(2) QUORUM.—Seven members of the Commis-  
12      sion shall constitute a quorum, but 2 or more mem-  
13      bers may conduct hearings.

14              “(3) HEARINGS AND PUBLIC INPUT.—In con-  
15      ducting hearings and acquiring public input under  
16      this title, the Commission may use various tele-  
17      communications media, including teleconferencing,  
18      video-conferencing, the Internet, and other media.

19       “(c) CONSULTATION; INFORMATION AND STATISTICS;  
20      AGENCY COOPERATION.—

21              “(1) IN GENERAL.—In carrying out the Commis-  
22      sion’s duties under this title and to the extent not  
23      prohibited by Federal law, the Commission is author-  
24      ized to secure consultation, information, statistics,  
25      and cooperation from Federal agencies, entities fund-

1        *ed by the Federal Government, and other entities the*  
2        *Commission deems advisable.*

3            “(2) *SPECIAL RULE.—The Commission is au-*  
4        *thorized to use, with their consent, the services, per-*  
5        *sonnel, information, and facilities of other Federal,*  
6        *State, local, and private agencies with or without re-*  
7        *imbursement.*

8        **“SEC. 304. COMPENSATION OF MEMBERS.**

9            “(a) *UNITED STATES OFFICER AND EMPLOYEE MEM-*  
10        *BERS.—Members of the Commission who are officers or full-*  
11        *time employees of the United States shall serve without com-*  
12        *pensation in addition to that received for their services as*  
13        *officers or employees of the United States; but may be al-*  
14        *lowed travel expenses, including per diem in lieu of subsist-*  
15        *ence, at rates authorized for employees of agencies under*  
16        *subchapter I of chapter 57 of title 5, United States Code,*  
17        *while away from their homes or regular places of business*  
18        *in the performance of services for the Commission.*

19            “(b) *PUBLIC MEMBERS.—Members of the Commission*  
20        *who are not officers or full-time employees of the United*  
21        *States shall receive compensation at a rate that does not*  
22        *exceed the daily rate payable for level V of the Executive*  
23        *Schedule under section 5316 of title 5, United States Code,*  
24        *for each day (including travel time) during which such*  
25        *members are engaged in the actual performance of the du-*

1 *ties of the Commission. In addition, such members may be*  
 2 *allowed travel expenses, including per diem in lieu of sub-*  
 3 *sistence, at rates authorized for employees of agencies under*  
 4 *subchapter I of chapter 57 of title 5, United States Code,*  
 5 *while away from their homes or regular places of business*  
 6 *in the performance of services for the Commission.*

7 **“SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.**

8 *“There is authorized to be appropriated to carry out*  
 9 *this title such sums as may be necessary for each of the*  
 10 *fiscal years 1999 and 2000.”*

11 ***PART G—REPEALS***

12 ***SEC. 781. REPEALS.***

13 *(a) HIGHER EDUCATION ACT OF 1965.—The following*  
 14 *provisions of the Act (20 U.S.C. 1001 et seq.) are repealed:*

15 *(1) The heading for, sections 701 and 702 of,*  
 16 *and parts A, C, D, and E of, title VII (20 U.S.C.*  
 17 *1132a, 1132a–1, 1132b et seq., 1132d et seq., 1132f et*  
 18 *seq., and 1132i et seq.).*

19 *(2) Title VIII (20 U.S.C. 1133 et seq.).*

20 *(3) The heading for, section 901 of, and parts A,*  
 21 *B, E, F, and G of, title IX (20 U.S.C. 1134, 1134a*  
 22 *et seq., 1134d et seq., 1134r et seq., 20 U.S.C. 1134s*  
 23 *et seq., and 1134u et seq.).*

1           (4) *The heading for, subpart 2 of part B of, and*  
 2           *parts C, D and E of, title X (20 U.S.C. 1135c et seq.,*  
 3           *1135e et seq., 1135f, and 1135g et seq.).*

4           (5) *The heading for, and part B of, title XI (20*  
 5           *U.S.C. 1137 et seq.).*

6           (b) *HIGHER EDUCATION AMENDMENTS OF 1992.—The*  
 7           *following provisions of the Higher Education Amendments*  
 8           *of 1992 (Public Law 102–325; 106 Stat 448) are repealed:*

9           (1) *Parts E, F, and G of title XIII of the Higher*  
 10           *Education Amendments of 1992 (25 U.S.C. 3332 et*  
 11           *seq., 3351 et seq., 3371) are repealed.*

12           (2) *Title XIV.*

13           (3) *Title XV.*

14                                   **PART H—MISCELLANEOUS**

15           **SEC. 791. YEAR 2000 COMPUTER PROBLEM.**

16           (a) *SENSE OF CONGRESS.—With the year 2000 fast*  
 17           *approaching, it is the sense of Congress that the Department*  
 18           *of Education should—*

19           (1) *assess immediately the extent of the risk to*  
 20           *the operations of the student financial aid system*  
 21           *posed by the year 2000 computer problem;*

22           (2) *give the highest priority to correcting all 2-*  
 23           *digit date-related problems in the Department’s com-*  
 24           *puter systems to ensure that those systems continue to*  
 25           *operate effectively in the year 2000 and beyond; and*

1           (3) *develop contingency plans, with respect to the*  
2           *year 2000 computer problem, for those computer sys-*  
3           *tems that the Department is unable to correct in time.*

4           (b) *REPORT REQUIRED.*—*Not later than March 1,*  
5           *1999, the Secretary of Education shall provide a report to*  
6           *the Committee on Labor and Human Resources of the Sen-*  
7           *ate and the Committee on Education and the Workforce of*  
8           *the House of Representatives describing the compliance sta-*  
9           *tus of all mission critical systems at the Department, and*  
10          *contingency plans for those computer systems in the De-*  
11          *partment that the Department will be unable to correct in*  
12          *time, with respect to the year 2000 computer problem.*