

***In the Senate of the United States,***

*July 9, 1998.*

*Resolved*, That the bill from the House of Representatives (H.R. 6) entitled “An Act to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

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

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

4 (b) *TABLE OF CONTENTS.*—*The table of contents is as*  
5 *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. Grants and recognition awards.*

*Sec. 105. Prior rights and obligations; recovery of payments.*

*Sec. 106. 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. Connections 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.*

*Sec. 420. Learning anytime anywhere partnerships.*

*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. Scope and duration of Federal loan insurance program.*

*Sec. 425. Applicable interest rates.*

*Sec. 426. Federal payments to reduce student interest costs.*

*Sec. 427. Voluntary flexible agreements with guaranty agencies.*

*Sec. 428. Federal PLUS loans.*

*Sec. 429. Federal consolidation loans.*

*Sec. 430. Requirements for disbursements of student loans.*

*Sec. 431. Default reduction program.*

*Sec. 432. Unsubsidized loans.*

*Sec. 433. Loan forgiveness for teachers.*

*Sec. 434. Loan forgiveness for child care providers.*

*Sec. 435. Notice to Secretary and payment of loss.*

*Sec. 436. Common forms and formats.*

*Sec. 437. Student loan information by eligible lenders.*

*Sec. 438. Definitions.*

*Sec. 439. Study of the effectiveness of cohort default rates for institutions with few  
student loan borrowers.*

*Sec. 440. Delegation of functions.*

*Sec. 440A. Special allowances.*

*Sec. 440B. Study of market-based mechanisms for determining student loan inter-  
est 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. Simplified needs test; zero expected family contribution.*  
*Sec. 476. Refusal or adjustment of loan certifications.*  
*Sec. 477. Treatment of other financial assistance.*

## PART G—GENERAL PROVISIONS

- Sec. 481. Definition of institution of higher education.*  
*Sec. 482. Master calendar.*  
*Sec. 483. Forms and regulations.*  
*Sec. 484. Student eligibility.*  
*Sec. 485. Institutional refunds.*  
*Sec. 486. Institutional and financial assistance information for students.*  
*Sec. 487. National student loan data bank system.*  
*Sec. 488. Training in financial aid services.*  
*Sec. 489. Program participation agreements.*  
*Sec. 490. Regulatory relief and improvement.*  
*Sec. 490A. Distance education demonstration programs.*  
*Sec. 490B. Advisory Committee on Student Financial Assistance.*  
*Sec. 490C. Regional meetings and negotiated rulemaking.*  
*Sec. 490D. Procedures for cancellations and deferments for eligible disabled veterans.*

## 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.*  
*Sec. 496. Student Loan Ombudsman Office.*

*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—FACULTY DEVELOPMENT PROGRAM*

- Sec. 531. Faculty development program reauthorized.*

*PART D—URBAN COMMUNITY SERVICE*

- Sec. 541. Urban community service.*

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

- Sec. 551. Fund for the improvement of postsecondary education.*

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

- Sec. 561. 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.*  
*Sec. 713. Navajo Community College Act.*

*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—WEB-BASED EDUCATION COMMISSION*

- Sec. 753. Short title; definitions.*  
*Sec. 754. Establishment of Web-Based Education Commission.*  
*Sec. 755. Duties of the Commission.*  
*Sec. 756. Powers of the Commission.*  
*Sec. 757. Commission personnel matters.*  
*Sec. 758. Termination of the Commission.*  
*Sec. 759. Authorization of appropriations.*

*PART G—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 H—REPEALS*

*Sec. 781. Repeals.*

*PART I—MISCELLANEOUS*

- Sec. 791. Year 2000 requirements at the Department of Education.*  
*Sec. 792. Grants to combat violent crimes against women on campuses.*  
*Sec. 793. Authority to administer summer travel and work programs.*  
*Sec. 794. Improving United States understanding of science, engineering, and technology in East Asia.*  
*Sec. 795. Underground Railroad educational and cultural program*  
*Sec. 796. GNMA guarantee fee.*

*Sec. 797. Protection of student speech and association rights.*

*Sec. 798. Binge drinking on college campuses.*

*Sec. 799. Sense of the Senate regarding higher education.*

*Sec. 799A. Sense of Congress regarding teacher education.*

*Sec. 799B. Liaison for proprietary institutions of higher education.*

*Sec. 799C. Expansion of educational opportunities for welfare recipients.*

*Sec. 799D. Alcohol or drug possession disclosure.*

*Sec. 799E. Release of conditions, covenants, and reversionary interests, Guam  
Community College conveyance, Barrigada, Guam.*

*Sec. 799F. Sense of Congress regarding good character.*

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.);*

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

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

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



1           (3) *by inserting after subsection (b) the follow-*  
2 *ing:*

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

4                 “(1) *annually publish in the Federal Register a*  
5 *list containing the name of each member of the Com-*  
6 *mittee and the date of the expiration of the term of*  
7 *office of the member; and*

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

11           (4) *in subsection (d) (as redesignated by para-*  
12 *graph (2))—*

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

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

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

18 **SEC. 104. GRANTS AND RECOGNITION AWARDS.**

19           Section 110 (as redesignated by section 101(a)(6)) (20  
20 *U.S.C. 1145g) is amended by adding at the end the follow-*  
21 *ing:*

22           “(e) *ALCOHOL AND DRUG ABUSE PREVENTION*  
23 *GRANTS.—*

24                 “(1) *PROGRAM AUTHORITY.—The Secretary may*  
25 *make grants to institutions of higher education or*

1        *consortia of such institutions, and enter into con-*  
2        *tracts with such institutions, consortia, and other or-*  
3        *ganizations, to develop, implement, operate, improve,*  
4        *and disseminate programs of prevention, and edu-*  
5        *cation (including treatment-referral) to reduce and*  
6        *eliminate the illegal use of drugs and alcohol and the*  
7        *violence associated with such use. Such grants or con-*  
8        *tracts may also be used for the support of a higher*  
9        *education center for alcohol and drug abuse preven-*  
10       *tion that will provide training, technical assistance,*  
11       *evaluation, dissemination, and associated services and*  
12       *assistance to the higher education community as de-*  
13       *termined by the Secretary and institutions of higher*  
14       *education.*

15            *“(2) AWARDS.—Grants and contracts shall be*  
16        *awarded under paragraph (1) on a competitive basis.*

17            *“(3) APPLICATIONS.—An institution of higher*  
18        *education, a consortium of such institutions, or an-*  
19        *other organization that desires to receive a grant or*  
20        *contract under paragraph (1) shall submit an appli-*  
21        *cation to the Secretary at such time, in such manner,*  
22        *and containing or accompanied by such information*  
23        *as the Secretary may reasonably require by regula-*  
24        *tion.*

25            *“(4) ADDITIONAL REQUIREMENTS.—*

1           “(A) *PARTICIPATION.*—*In awarding grants*  
2           *under this subsection the Secretary shall make*  
3           *every effort to ensure—*

4                     “(i) *the equitable participation of pri-*  
5                     *vate and public institutions of higher edu-*  
6                     *cation (including community and junior*  
7                     *colleges); and*

8                     “(ii) *the equitable geographic partici-*  
9                     *pation of such institutions.*

10           “(B) *CONSIDERATION.*—*In awarding grants*  
11           *and contracts under this subsection the Secretary*  
12           *shall give appropriate consideration to institu-*  
13           *tions of higher education with limited enroll-*  
14           *ment.*

15           “(5) *AUTHORIZATION OF APPROPRIATIONS.*—  
16           *There are authorized to be appropriated to carry out*  
17           *this subsection \$5,000,000 for fiscal year 1999 and*  
18           *such sums as may be necessary for each of the 4 suc-*  
19           *ceeding fiscal years.*

20           “(f) *NATIONAL RECOGNITION AWARDS.*—

21                     “(1) *PURPOSE.*—*It is the purpose of this sub-*  
22                     *section to provide models of innovative and effective*  
23                     *alcohol prevention programs in higher education and*  
24                     *to focus national attention on exemplary alcohol pre-*  
25                     *vention efforts.*

1           “(2) AWARDS.—

2                   “(A) IN GENERAL.—*The Secretary shall*  
3                   *make 10 National Recognition Awards, on an*  
4                   *annual basis, to institutions of higher education*  
5                   *that—*

6                           “(i) *have developed and implemented*  
7                           *innovative and effective alcohol prevention*  
8                           *programs; and*

9                           “(ii) *demonstrate in the application*  
10                          *submitted under paragraph (3) that the in-*  
11                          *stitution has undertaken efforts designed to*  
12                          *change the culture of college drinking con-*  
13                          *sistent with the objectives described in para-*  
14                          *graph (4)(B).*

15                          “(B) CEREMONY.—*The awards shall be*  
16                          *made at a ceremony in Washington, D.C.*

17                          “(C) DOCUMENT.—*The Secretary shall pub-*  
18                          *lish a document describing the alcohol prevention*  
19                          *programs of institutions of higher education that*  
20                          *receive the awards under this subsection and dis-*  
21                          *seminate the document nationally to all public*  
22                          *and private secondary school guidance counselors*  
23                          *for use by secondary school juniors and seniors*  
24                          *preparing to enter an institution of higher edu-*

1           *cation. The document shall be disseminated not*  
2           *later than January 1 of each academic year.*

3           “(D) *AMOUNT AND USE.*—*Each institution*  
4           *of higher education selected to receive an award*  
5           *under this subsection shall receive an award in*  
6           *the amount of \$50,000. Such award shall be used*  
7           *for the maintenance and improvement of the in-*  
8           *stitution’s alcohol prevention program for the*  
9           *academic year following the academic year for*  
10           *which the award is made.*

11           “(3) *APPLICATION.*—

12           “(A) *IN GENERAL.*—*Each institution of*  
13           *higher education desiring an award under this*  
14           *subsection shall submit an application to the*  
15           *Secretary at such time, in such manner, and ac-*  
16           *companied by such information as the Secretary*  
17           *may require. Each such application shall con-*  
18           *tain—*

19                   “(i) *a clear description of the goals*  
20                   *and objectives of the alcohol program of the*  
21                   *institution;*

22                   “(ii) *a description of program activi-*  
23                   *ties that focus on alcohol policy issues, pol-*  
24                   *icy development, modification, or refine-*

1                   *ment, policy dissemination and implemen-*  
2                   *tation, and policy enforcement;*

3                   *“(iii) a description of activities that*  
4                   *encourage student and employee participa-*  
5                   *tion and involvement in activity develop-*  
6                   *ment and implementation;*

7                   *“(iv) the objective criteria used to de-*  
8                   *termine the effectiveness of the methods used*  
9                   *in the program and the means used to*  
10                  *evaluate and improve the program efforts;*  
11                  *and*

12                  *“(v) a description of the activities to be*  
13                  *assisted that meet the criteria described in*  
14                  *subparagraph (C).*

15                  *“(B) APPLICATION REVIEW.—The Secretary*  
16                  *shall appoint a committee to review applications*  
17                  *submitted under this paragraph. The committee*  
18                  *may include representatives of Federal depart-*  
19                  *ments or agencies the programs of which include*  
20                  *alcohol abuse prevention and education efforts,*  
21                  *directors or heads (or their representatives) of*  
22                  *professional associations that focus on alcohol*  
23                  *abuse prevention efforts, and non-Federal sci-*  
24                  *entists who have backgrounds in social science*  
25                  *evaluation and research methodology and in edu-*

1           *cation. Decisions of the committee shall be made*  
2           *directly to the Secretary without review by any*  
3           *other entity in the Department.*

4           “(C) *REVIEW CRITERIA.*—*The committee de-*  
5           *scribed in subparagraph (B) shall develop spe-*  
6           *cific review criteria for reviewing and evaluating*  
7           *applications submitted under this paragraph.*  
8           *Such criteria shall include whether the institu-*  
9           *tion of higher education has policies in effect*  
10          *that—*

11                   “(i) *prohibit alcoholic beverage spon-*  
12                   *sorship of athletic events, and prohibit alco-*  
13                   *holic beverage advertising inside athletic fa-*  
14                   *cilities;*

15                   “(ii) *prohibit alcoholic beverage mar-*  
16                   *keting on campus, which may include ef-*  
17                   *forts to ban alcohol advertising in institu-*  
18                   *tional publications or efforts to prohibit al-*  
19                   *cohol-related advertisements at campus*  
20                   *events;*

21                   “(iii) *establish or expand upon alcohol-*  
22                   *free living arrangements for all college stu-*  
23                   *dents;*

24                   “(iv) *establish partnerships with com-*  
25                   *munity members and organizations to fur-*

1            *ther alcohol prevention efforts on campus*  
2            *and the areas surrounding campus; and*

3            *“(v) establish innovative communica-*  
4            *tions programs involving students and fac-*  
5            *ulty in an effort to educate students about*  
6            *alcohol-related risks.*

7            *“(4) ELIGIBILITY.—*

8            *“(A) IN GENERAL.—In order to be eligible*  
9            *to receive a National Recognition Award an in-*  
10           *stitution of higher education shall—*

11           *“(i) offer an associate or baccalaureate*  
12           *degree;*

13           *“(ii) have established an alcohol abuse*  
14           *prevention and education program;*

15           *“(iii) nominate itself or be nominated*  
16           *by others, such as professional associations*  
17           *or student organizations, to receive the*  
18           *award; and*

19           *“(iv) not have received an award*  
20           *under this subsection during the 5 academic*  
21           *years preceding the academic year for which*  
22           *the determination is made.*

23           *“(B) OBJECTIVES.—In order to receive a*  
24           *National Recognition Award an institution shall*  
25           *demonstrate in the application submitted under*

1 paragraph (3) that the institution has accom-  
2 plished all of the following objectives:

3 “(i) The elimination of alcoholic bev-  
4 erage sponsorship of athletic events, and the  
5 elimination of alcoholic beverage advertising  
6 inside athletic facilities.

7 “(ii) The elimination of alcoholic bev-  
8 erage marketing on campus that may in-  
9 clude efforts to ban alcohol advertising in  
10 institutional publications or prohibit alco-  
11 hol-related advertisements at campus events.

12 “(iii) The establishment or expansion  
13 of alcohol-free living arrangements for all  
14 college students.

15 “(iv) The establishment of partnerships  
16 with community members and organiza-  
17 tions to further alcohol prevention efforts on  
18 campus and the surrounding areas.

19 “(v) The establishment of innovative  
20 communications programs involving stu-  
21 dents and faculty in an effort to educate  
22 students about alcohol-related risks.

23 “(5) AUTHORIZATION OF APPROPRIATIONS.—

1           “(A) *IN GENERAL.*—*There is authorized to*  
2           *be appropriated to carry out this subsection*  
3           *\$750,000 for fiscal year 1999.*

4           “(B) *AVAILABILITY.*—*Funds appropriated*  
5           *under subparagraph (A) shall remain available*  
6           *until expended.”.*

7   **SEC. 105. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF**  
8           **PAYMENTS.**

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

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

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

14               **“(1) PRE-1987 PARTS C AND D OF TITLE VII.—**  
15               *There are authorized to be appropriated such sums as*  
16               *may be necessary for fiscal year 1999 and for each of*  
17               *the 4 succeeding fiscal years to pay obligations in-*  
18               *curring prior to 1987 under parts C and D of title*  
19               *VII, as such parts were in effect before the effective*  
20               *date of the Higher Education Amendments of 1992.*

21               **“(2) POST-1992 AND PRE-1998 PART C OF TITLE**  
22               **VII.—***There are authorized to be appropriated such*  
23               *sums as may be necessary for fiscal year 1999 and*  
24               *for each of the 4 succeeding fiscal years to pay obliga-*  
25               *tions incurred prior to the date of enactment of the*

1 *Higher Education Amendments of 1998 under part C*  
2 *of title VII, as such part was in effect during the pe-*  
3 *riod—*

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

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

8 “(b) *LEGAL RESPONSIBILITIES.—*

9 “(1) *PRE-1987 TITLE VII.—All entities with con-*  
10 *tinuing obligations incurred under parts A, B, C, and*  
11 *D of title VII, as such parts were in effect before the*  
12 *effective date of the Higher Education Amendments of*  
13 *1992, shall be subject to the requirements of such part*  
14 *as in effect before the effective date of the Higher Edu-*  
15 *cation Amendments of 1992.*

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

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

22 “(B) *prior to the date of enactment of the*  
23 *Higher Education Amendments of 1998,*

24 *shall be subject to the requirements of such part as*  
25 *such part was in effect during such period.*

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

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

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

23               “(1) the applicant under such parts as so in ef-  
24 fect (or the applicant’s successor in title or possession)  
25 ceases or fails to be a public or nonprofit institution,  
26 or

1           “(2) *the facility ceases to be used as an academic*  
2           *facility, or the facility is used as a facility excluded*  
3           *from the term ‘academic facility’ (as such term was*  
4           *defined under title VII, as so in effect), unless the Sec-*  
5           *retary determines that there is good cause for releas-*  
6           *ing the institution from its obligation,*  
7           *the United States shall be entitled to recover from such ap-*  
8           *plicant (or successor) an amount which bears to the value*  
9           *of the facility at that time (or so much thereof as constituted*  
10           *an approved project or projects) the same ratio as the*  
11           *amount of Federal grant bore to the cost of the facility fi-*  
12           *nanced with the aid of such grant. The value shall be deter-*  
13           *mined by agreement of the parties or by action brought in*  
14           *the United States district court for the district in which*  
15           *such facility is situated.*

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

1 **“SEC. 113. STUDENT-RELATED DEBT STUDY REQUIRED.**

2       “(a) *IN GENERAL.*—*The Secretary shall conduct a*  
3 *study that analyzes the distribution and increase in stu-*  
4 *dent-related debt in terms of—*

5               “(1) *demographic characteristics, such as race or*  
6 *ethnicity, and family income;*

7               “(2) *type of institution and whether the institu-*  
8 *tion is a public or private institution;*

9               “(3) *loan source, such as Federal, State, institu-*  
10 *tional or other, and, if the loan source is Federal,*  
11 *whether the loan is or is not subsidized;*

12               “(4) *academic field of study;*

13               “(5) *parent loans, and whether the parent loans*  
14 *are federally guaranteed, private, or property-secured*  
15 *such as home equity loans; and*

16               “(6) *relation of student debt or anticipated debt*  
17 *to—*

18                       “(A) *students’ decisions about whether and*  
19 *where to enroll in college and whether or how*  
20 *much to borrow in order to attend college;*

21                       “(B) *the length of time it takes students to*  
22 *earn baccalaureate degrees;*

23                       “(C) *students’ decisions about whether and*  
24 *where to attend graduate school;*

25                       “(D) *graduates’ employment decisions;*

1                   “(E) graduates’ burden of repayment as re-  
2                   flected by the graduates’ ability to save for retire-  
3                   ment or invest in a home; and

4                   “(F) students’ future earnings.

5           “(b) *REPORT.*—After conclusion of the study required  
6 by subsection (a), the Secretary shall submit a final report  
7 regarding the findings of the study to the Committee on  
8 Labor and Human Resources of the Senate and the Com-  
9 mittee on Education and the Workforce of the House of Rep-  
10 resentatives not later than 18 months after the date of enact-  
11 ment of the Higher Education Amendments of 1998.

12           “(c) *INFORMATION.*—After the study and report under  
13 this section are concluded, the Secretary shall determine  
14 which information described in subsection (a) would be use-  
15 ful for families to know and shall include such information  
16 as part of the comparative information provided to families  
17 about the costs of higher education under the provisions of  
18 section 486(a)(1).

19 **“SEC. 114. STUDY OF FORECLOSED PROPERTY OR ASSETS.**

20           “Not later than 90 days after the date of enactment  
21 of the Higher Education Amendments of 1998, the Comp-  
22 troller General, in consultation with the Inspector General  
23 of the Department, shall submit a report to the Committee  
24 on Labor and Human Resources of the Senate and the Com-

1 *mittee on Education and the Workforce of the House of Rep-*  
2 *resentatives that provides the following:*

3           “(1) *Descriptions of legislative changes that can*  
4 *be made to strengthen laws governing the transfer of*  
5 *foreclosed property or assets by the Department to in-*  
6 *dividuals or their agents that have had prior dealings*  
7 *with the Department. Such descriptions shall address*  
8 *the transfer of property to individuals or their agents*  
9 *who have been in positions of management or over-*  
10 *sight at postsecondary educational institutions that*  
11 *have failed, or are failing, to make payments to the*  
12 *Department on property loans, or defaulted on any*  
13 *property or asset loan from a Federal agency.*

14           “(2) *Changes that can be implemented at the De-*  
15 *partment to strengthen all rules and regulations gov-*  
16 *erning the transfer of foreclosed property or assets by*  
17 *the Department to individuals or their agents as de-*  
18 *scribed in paragraph (1).*

19 **“SEC. 115. STATE REQUIREMENT.**

20           “(a) *IN GENERAL.—Except as provided in subsection*  
21 *(b), each State, that has individuals who reside in the State*  
22 *and who receive financial assistance under this Act, shall*  
23 *provide an appropriate number of mail voter registration*  
24 *forms (as described in section 6(a) of the National Voter*  
25 *Registration Act (42 U.S.C. 1973gg–4(a))) to each eligible*

1 *institution under section 487 in the State, not later than*  
 2 *60 days before each date that is the last day to register to*  
 3 *vote for a regularly scheduled—*

4           “(1) *election (as defined in section 301(1) of the*  
 5 *Federal Election Campaign Act of 1971 (2 U.S.C.*  
 6 *431(1)); or*

7           “(2) *election for Governor or other chief executive*  
 8 *within such State.*

9           “(b) *NONAPPLICABILITY TO CERTAIN STATES.—The*  
 10 *requirement of subsection (a) shall not apply to a State*  
 11 *which is described in section 4(b) of the National Voter Reg-*  
 12 *istration Act (42 U.S.C. 1973gg-2(b)).*

13 **“SEC. 116. STUDY OF OPPORTUNITIES FOR PARTICIPATION**  
 14 **IN ATHLETICS PROGRAMS.**

15           “(a) *STUDY.—The Comptroller General shall conduct*  
 16 *a study of the opportunities for participation in intercolle-*  
 17 *giate athletics. The study shall address issues including—*

18           “(1) *the extent to which the number of—*

19                   “(A) *secondary school athletic teams has in-*  
 20 *creased or decreased in the 20 years preceding*  
 21 *1998 (in aggregate terms); and*

22                   “(B) *intercollegiate athletic teams has in-*  
 23 *creased or decreased in the 20 years preceding*  
 24 *1998 (in aggregate terms) at 2-year and 4-year*  
 25 *institutions of higher education;*

1           “(2) the extent to which participation by stu-  
2           dent-athletes in secondary school and intercollegiate  
3           athletics has increased or decreased in the 20 years  
4           preceding 1998 (in aggregate terms);

5           “(3) over the 20-year period preceding 1998, a  
6           list of the men’s and women’s secondary school and  
7           intercollegiate sports, ranked in order of the sports  
8           most affected by increases or decreases in levels of  
9           participation and numbers of teams (in the aggre-  
10          gate);

11          “(4) all factors that have influenced campus offi-  
12          cials to add or discontinue sports teams at secondary  
13          schools and institutions of higher education, includ-  
14          ing—

15                 “(A) institutional mission and priorities;

16                 “(B) budgetary pressures;

17                 “(C) institutional reforms and restructur-  
18                 ing;

19                 “(D) escalating liability insurance pre-  
20                 miums;

21                 “(E) changing student and community in-  
22                 terest in a sport;

23                 “(F) advancement of diversity among stu-  
24                 dents;

1           “(G) *lack of necessary level of competitive-*  
2           *ness of the sports program;*

3           “(H) *club level sport achieving a level of*  
4           *competitiveness to make the sport a viable var-*  
5           *sity level sport;*

6           “(I) *injuries or deaths; and*

7           “(J) *conference realignment;*

8           “(5) *the actions that institutions of higher edu-*  
9           *cation have taken when decreasing the level of partici-*  
10          *pation in intercollegiate sports, or the number of*  
11          *teams, in terms of providing information, advice,*  
12          *scholarship maintenance, counseling, advance warn-*  
13          *ing, and an opportunity for student-athletes to be in-*  
14          *volved in the decisionmaking process;*

15          “(6) *the administrative processes and procedures*  
16          *used by institutions of higher education when deter-*  
17          *mining whether to increase or decrease intercollegiate*  
18          *athletic teams or participation by student-athletes;*

19          “(7) *the budgetary or fiscal impact, if any, of a*  
20          *decision by an institution of higher education—*

21                 “(A) *to increase or decrease the number of*  
22                 *intercollegiate athletic teams or the participation*  
23                 *of student-athletes; or*

24                 “(B) *to be involved in a conference realign-*  
25                 *ment; and*

1           “(8) the alternatives, if any, institutions of high-  
2           er education have pursued in lieu of eliminating, or  
3           severely reducing the funding for, an intercollegiate  
4           sport, and the success of such alternatives.

5           “(b) *REPORT.*—The Comptroller General shall submit  
6           a report regarding the results of the study to the Committee  
7           on Labor and Human Resources of the Senate and the Com-  
8           mittee on Education and the Workforce of the House of Rep-  
9           resentatives.

10   **“SEC. 117. SPECIAL RULE.**

11           “Notwithstanding any other provision of law, the sum  
12           of financial assistance received under this Act and other  
13           Federal financial assistance for postsecondary education re-  
14           ceived by an individual shall not exceed the individual’s  
15           cost of attendance as defined in section 472, except that no  
16           individual shall have the amount of a Federal Pell Grant  
17           for which the individual is eligible reduced as a result of  
18           the application of this section.”.

19   **SEC. 106. TECHNICAL AND CONFORMING AMENDMENTS.**

20           (a) *CONFORMING AMENDMENTS CORRECTING REF-*  
21           *ERENCES TO SECTION 1201.*—

22                   (1) *AGRICULTURE.*—

23                           (A) *STUDENT INTERNSHIP PROGRAMS.*—

24                                   Section 922 of the Federal Agriculture Improve-

1 *ment and Reform Act of 1996 (7 U.S.C. 2279c)*  
2 *is amended—*

3 *(i) in subsection (a)(1)(B)—*

4 *(I) by striking “1201” and insert-*  
5 *ing “101”; and*

6 *(II) by striking “(20 U.S.C.*  
7 *1141)”;* and

8 *(ii) in subsection (b)(1)—*

9 *(I) by striking “1201” and insert-*  
10 *ing “101”; and*

11 *(II) by striking “(20 U.S.C.*  
12 *1141)”.*

13 *(B) AGRICULTURAL SCIENCES EDU-*  
14 *CATION.—Section 1417(h)(1)(A) of the National*  
15 *Agricultural Research, Extension, and Teaching*  
16 *Policy Act of 1977 (7 U.S.C. 3152(h)(1)(A)) 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 *(2) ARMED FORCES.—*

22 *(A) SCIENCE AND MATHEMATICS EDU-*  
23 *CATION IMPROVEMENT PROGRAM.—Section*  
24 *2193(c)(1) of title 10, United States Code, is*  
25 *amended—*

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

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

4                   (B) *SUPPORT OF SCIENCE, MATHEMATICS,*  
5                   *AND ENGINEERING EDUCATION.—Section 2199(2)*  
6                   *of title 10, United States Code, 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                  (C) *ALLOWABLE COSTS UNDER DEFENSE*  
11                  *CONTRACTS.—Section 841(c)(2) of the National*  
12                  *Defense Authorization Act for fiscal year 1994*  
13                  *(10 U.S.C. 2324 note) 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                  (D) *ENVIRONMENTAL RESTORATION INSTI-*  
18                  *TUTIONAL GRANTS FOR TRAINING DISLOCATED*  
19                  *DEFENSE WORKERS AND YOUNG ADULTS.—Sec-*  
20                  *tion 1333(i)(3) of the National Defense Author-*  
21                  *ization Act for fiscal year 1994 (10 U.S.C. 2701*  
22                  *note) is amended—*

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

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

1                   (E) *ENVIRONMENTAL EDUCATION OPPORTU-*  
2                   *NITIES PROGRAM.—Section 1334(k)(3) of the Na-*  
3                   *tional Defense Authorization Act for fiscal year*  
4                   *1994 (10 U.S.C. 2701 note) is amended—*

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

6                           *“101(a)”*; and

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

8                   (F) *ENVIRONMENTAL SCHOLARSHIP AND*  
9                   *FELLOWSHIP PROGRAMS.—Section 4451(b)(1) of*  
10                   *the National Defense Authorization Act for 1993*  
11                   *(10 U.S.C. 2701 note) is amended—*

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

13                           *“101(a)”*; and

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

15                   (3) *APPLICATION OF ANTITRUST LAWS TO AWARD*  
16                   *OF NEED-BASED EDUCATIONAL AID.—Section*  
17                   *568(c)(3) of the Improving America’s Schools Act of*  
18                   *1994 (15 U.S.C. 1 note) is amended—*

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

20                           *“101(a)”*; and

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

22                   (4) *RESTRICTIONS ON FORMER OFFICERS, EM-*  
23                   *PLOYEES, AND ELECTED OFFICIALS OF THE EXECU-*  
24                   *TIVE AND LEGISLATIVE BRANCHES.—Section*  
25                   *207(j)(2)(B) of title 18, United States Code, is*

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

3           (5) *EDUCATION.*—

4           (A) *HIGHER EDUCATION AMENDMENTS OF*  
5       1992.—Section 1(c) of the Higher Education  
6       Amendments of 1992 (20 U.S.C. 1001 note) is  
7       amended by striking “1201” and inserting  
8       “101”.

9           (B) *PART F DEFINITIONS.*—Section 481 of  
10       the Higher Education Act of 1965 (20 U.S.C.  
11       1088) is amended—

12           (i) in subsection (a)—

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

16           (II) in paragraph (1)(C), by  
17       striking “1201(a)” and inserting  
18       “101(a)”;

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

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

1                   (ii) in subsection (b)—

2                   (I) in the first sentence—

3                   (aa) in paragraph (2), by  
4 striking “1201(a)” and inserting  
5 “101(a)”; and

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

9                   (II) in the second sentence, by  
10 striking “1201(a)” and inserting  
11 “101(a)”; and

12                  (iii) in subsection (c)—

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

16                  (II) in the second sentence, by  
17 striking “1201(a)” and inserting  
18 “101(a)”.

19                  (C) TREATMENT OF BRANCHES.—Section  
20 498(j)(2) of the Higher Education Act of 1965  
21 (20 U.S.C. 1099c(j)(2)) is amended by striking  
22 “1201(a)(2)” and inserting “101(a)(2)”.

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

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

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

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

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

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

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

1           *(J) JAMES MADISON MEMORIAL FELLOWSHIPS.—Section 815 of the James Madison Memorial Fellowship Act (20 U.S.C. 4514) is*  
2  
3  
4 *amended—*

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

7           *(ii) in paragraph (4), by striking*  
8 *“1201(d) of the Higher Education Act of*  
9 *1965” and inserting “14101 of the Elementary and Secondary Education Act of*  
10 *1965”.*

12           *(K) BARRY GOLDWATER SCHOLARSHIPS.—*  
13 *Section 1403(4) of the Barry Goldwater Scholarship and Excellence in Education Act (20 U.S.C.*  
14 *4702(4)) 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           *(L) MORRIS K. UDALL SCHOLARSHIPS.—*  
20 *Section 4(6) of the Morris K. Udall Scholarship and Excellence in National Environmental and*  
21 *Native American Public Policy Act of 1992 (20*  
22 *U.S.C. 5602(6)) is amended by striking*  
23 *“1201(a)” and inserting “101(a)”.*  
24

1           (M) *BILINGUAL EDUCATION, AND LANGUAGE*  
2           *ENHANCEMENT AND ACQUISITION.*—Section  
3           7501(4) of the *Elementary and Secondary Edu-*  
4           *cation Act of 1965 (20 U.S.C. 7601(4))* is  
5           amended by striking “1201(a)” and inserting  
6           “101(a)”.

7           (N) *GENERAL DEFINITIONS.*—Section  
8           14101(17) of the *Elementary and Secondary*  
9           *Education Act of 1965 (20 U.S.C. 8801(17))* is  
10          amended by striking “1201(a)” and inserting  
11          “101(a)”.

12          (O) *NATIONAL EDUCATION STATISTICS.*—  
13          Section 402(c)(3) of the *National Education Sta-*  
14          *tistics Act of 1994 (20 U.S.C. 9001(c)(3))* is  
15          amended by striking “1201(a)” and inserting  
16          “101(a)”.

17          (6) *FOREIGN RELATIONS.*—

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

24               (B) *SAMANTHA SMITH MEMORIAL EX-*  
25               *CHANGE PROGRAM.*—Section 112(a)(8) of the

1           *Mutual Educational and Cultural Exchange Act*  
2           *of 1961 (22 U.S.C. 2460(a)(8)) 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           (C) *SOVIET-EASTERN EUROPEAN TRAIN-*  
7           *ING.—Section 803(1) of the Soviet-Eastern Euro-*  
8           *pean Research and Training Act of 1983 (22*  
9           *U.S.C. 4502(1)) is amended by striking*  
10           *“1201(a)” and inserting “101(a)”.*

11           (D) *DEVELOPING COUNTRY SCHOLAR-*  
12           *SHIPS.—Section 603(d) of the Foreign Relations*  
13           *Authorization Act, Fiscal Years 1986 and 1987*  
14           *(22 U.S.C. 4703(d)) is amended by striking*  
15           *“1201(a)” and inserting “101(a)”.*

16           (7) *INDIANS.—*

17                     (A) *SNYDER ACT.—The last paragraph of*  
18                     *section 410 of the Act entitled “An Act authoriz-*  
19                     *ing appropriations and expenditures for the ad-*  
20                     *ministration of Indian Affairs, and for other*  
21                     *purposes”, approved November 2, 1921 (25*  
22                     *U.S.C. 13) (commonly known as the Snyder Act)*  
23                     *is amended by striking “1201” and inserting*  
24                     *“101”.*

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

6           (C) *CONSTRUCTION OF NEW FACILITIES.*—  
7           Section 113(b)(2) of the *Tribally Controlled*  
8           *Community College Assistance Act (25 U.S.C.*  
9           *1813(b)(2)) 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           (D) *AMERICAN INDIAN TEACHER TRAIN-*  
14           *ING.*—Section 1371(a)(1)(B) of the *Higher Edu-*  
15           *cation Amendments of 1992 (25 U.S.C.*  
16           *3371(a)(1)(B)) is amended by striking “1201(a)”*  
17           *and inserting “101(a)”.*

18           (8) *LABOR.*—

19           (A) *REHABILITATION DEFINITIONS.*—Sec-  
20           *tion 7(32) of the Rehabilitation Act of 1973 (29*  
21           *U.S.C. 706(32)) is amended—*

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

23                   *“101(a)”*; and

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

1                   (B)            STATE            PLANS.—Section  
2           101(a)(7)(A)(iv)(II) of the Rehabilitation Act of  
3           1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) is amend-  
4           ed—

5                   (i) by striking “1201(a)” and inserting  
6           “101(a)”; and

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

8                   (C) JTPA DEFINITIONS.—Section 4(12) of  
9           the Job Training Partnership Act (29 U.S.C.  
10          1503(12)) is amended by striking “1201(a)” and  
11          inserting “101(a)”.

12                  (D)            TUITION            CHARGES.—Section  
13          141(d)(3)(B) of the Job Training Partnership  
14          Act (29 U.S.C. 1551(d)(3)(B)) is amended—

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

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

18                  (9) SURFACE MINING CONTROL.—Section  
19          701(32) of the Surface Mining Control and Reclama-  
20          tion Act of 1977 (30 U.S.C. 1291(32)) is amended by  
21          striking “1201(a)” and inserting “101(a)”.

22                  (10) POLLUTION PREVENTION.—Section  
23          112(a)(1) of the Federal Water Pollution Control Act  
24          (33 U.S.C. 1262(a)(1)) is amended by striking  
25          “1201” and inserting “101”.

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

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

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

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

7           (A) *SCIENTIFIC AND TECHNICAL EDU-*  
8     *CATION*.—Section 3(g) of the *Scientific and Ad-*  
9     *vanced-Technology Act of 1992 (42 U.S.C.*  
10    *1862i(g)) is amended—*

11           (i) *in paragraph (2)—*

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

14           (II) *by striking “(20 U.S.C.*  
15    *1141(a))”*; and

16           (ii) *in paragraph (3)—*

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

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

21           (B) *OLDER AMERICANS*.—Section 102(32)  
22    *of the Older Americans Act of 1965 (42 U.S.C.*  
23    *3002(32)) is amended—*

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

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

2                   (C) *JUSTICE SYSTEM IMPROVEMENT.*—Section  
3                   901(17) of the Omnibus Crime Control and  
4                   Safe Streets Act of 1968 (42 U.S.C. 3791(17)) is  
5                   amended—

6                   (i) by striking “1201(a)” and inserting  
7                   “101(a)”; and

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

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

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

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

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

21                   (i) by striking “1201(a)” and inserting  
22                   “101(a)”; and

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

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

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

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

7           (G) *STATE DEPENDENT CARE DEVELOP-*  
8 *MENT GRANTS*.—Section 670G(5) of the *Child*  
9 *Care and Development Block Grant Act of 1990*  
10 (42 U.S.C. 9877(5)) is amended by striking  
11 “1201(a)” and inserting “101(a)”.

12           (H) *INSTRUCTIONAL ACTIVITIES FOR LOW-*  
13 *INCOME YOUTH*.—The matter preceding subpara-  
14 *graph (A) of section 682(b)(1) of the Community*  
15 *Services Block Grant Act* (42 U.S.C.  
16 9910c(b)(1)) is amended by striking “1201(a)”  
17 and inserting “101(a)”.

18           (I) *DRUG ABUSE EDUCATION*.—Section  
19 3601(7) of the *Anti-Drug Abuse Act of 1988* (42  
20 U.S.C. 11851(7)) is amended—

21           (i) by striking “1201(a)” and inserting  
22 “101(a)”; and

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

24           (J) *NATIONAL AND COMMUNITY SERVICE*.—  
25 Section 101(13) of the *National and Community*

1           *Service Act of 1990 (42 U.S.C. 12511(13)) 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           *(K) CIVILIAN COMMUNITY CORPS.—Section*  
7           *166(6) of the National and Community Service*  
8           *Act of 1990 (42 U.S.C. 12626(6)) is amended—*

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

12           *(L) COMMUNITY SCHOOLS YOUTH SERVICES*  
13           *AND SUPERVISION GRANT PROGRAM.—The defini-*  
14           *tion of public school in section 30401(b) of the*  
15           *Community Schools Youth Services and Super-*  
16           *vision Grant Program Act of 1994 (42 U.S.C.*  
17           *13791(b)) is amended—*

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

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

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

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

4                   (N) *LAW ENFORCEMENT SCHOLARSHIP PRO-*  
5                   *GRAM.—The definition of institution of higher*  
6                   *education in section 200202 of the Law Enforce-*  
7                   *ment Scholarship and Recruitment Act (42*  
8                   *U.S.C. 14111) is amended—*

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

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

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

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

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

18                  (14) *WAR AND NATIONAL DEFENSE.—Section*  
19                  *808(3) of the David L. Boren National Security Edu-*  
20                  *cation Act of 1991 (50 U.S.C. 1908(3)) is amended—*

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

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

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

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

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

4           (A) *in subsection (a)—*

5           (i) *in paragraph (1)—*

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

9           (II) *in subparagraph (C), by*  
10          *striking “1201(a)” and inserting*  
11          *“101(a)”; and*

12          (ii) *in paragraph (2)—*

13          (I) *in the matter preceding clause*

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

16          (II) *in the matter following clause*

17          (ii) *of subparagraph (B), by striking*  
18          *“1201(a)” and inserting “101(a)”;*

19          (B) *in subsection (b), by striking “1201(a)”*  
20          *each place the term appears and inserting*  
21          *“101(a)”; and*

22          (C) *in subsection (c), by striking “1201(a)”*  
23          *each place the term appears and inserting*  
24          *“101(a)”;*

1           (3) in section 485(f)(1)(I) (20 U.S.C.  
2 1092(f)(1)(I)), by striking “1213” and inserting  
3 “111”;

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

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

8           (6) in section 631(a)(8) (20 U.S.C.  
9 1132(a)(8))—

10           (A) by striking “section 1201(a)” each place  
11 the term appears and inserting “section 101(a)”;  
12 and

13           (B) by striking “of 1201(a)” and inserting  
14 “of section 101(a)”;

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

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

19 **SEC. 201. IMPROVING TEACHER QUALITY.**

20           The Act (20 U.S.C. 1001) is amended by inserting  
21 after section 112 (as added by section 105) the following:

22 **“TITLE II—IMPROVING TEACHER**  
23 **QUALITY**

24 **“SEC. 201. PURPOSES.**

25           “The purpose of this title is to—

1           “(1) *improve student achievement;*

2           “(2) *improve the quality of the current and fu-*  
3           *ture teaching force by improving the preparation of*  
4           *prospective teachers and enhancing professional devel-*  
5           *opment activities; and*

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

12                           **“PART A—TEACHER QUALITY**

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

14          **“SEC. 211. GRANTS AUTHORIZED.**

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

19          “(b) *STATE DESIGNATION.—*

20                 “(1) *IN GENERAL.—A State desiring a grant*  
21                 *under this subpart shall, consistent with State law,*  
22                 *designate the chief individual or entity in the State*  
23                 *responsible for the State supervision of education, to*  
24                 *administer the activities assisted under this subpart.*

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

5           “(3) *CONSTRUCTION.*—*Nothing in this subpart*  
6           *shall be construed to negate or supersede the legal au-*  
7           *thority under State law of any State agency, State*  
8           *entity, or State public official over programs that are*  
9           *under the jurisdiction of the agency, entity, or offi-*  
10          *cial.*

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

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

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

24                  “(1) *REFORMS.*—*Implementing reforms that*  
25                  *hold institutions of higher education with teacher*

1        *preparation programs accountable for preparing*  
2        *teachers who are highly competent in the academic*  
3        *content areas in which the teachers plan to teach,*  
4        *which may include the use of rigorous subject matter*  
5        *competency tests and the requirement that a teacher*  
6        *have an academic major in the subject area, or relat-*  
7        *ed discipline, in which the teacher plans to teach.*

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

14                *“(3) ALTERNATIVES TO TRADITIONAL PREPARA-*  
15        *TION FOR TEACHING.—Providing prospective teachers*  
16        *alternatives to traditional preparation for teaching*  
17        *through programs at colleges of arts and sciences or*  
18        *at nonprofit educational organizations.*

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

1           “(5) *RECRUITMENT; PAY; REMOVAL.*—*Developing*  
2           *and implementing effective mechanisms to ensure that*  
3           *schools are able to effectively recruit highly qualified*  
4           *teachers, to financially reward those teachers and*  
5           *principals whose students have made significant*  
6           *progress toward high academic performance, such as*  
7           *through performance-based compensation systems and*  
8           *access to ongoing professional development opportuni-*  
9           *ties for teachers and administrators, and to remove*  
10          *teachers who are not qualified.*

11          “(6) *INNOVATIVE EFFORTS.*—*Development and*  
12          *implementation of innovative efforts aimed at reduc-*  
13          *ing the shortage of highly qualified teachers in high*  
14          *poverty urban and rural areas, and in school districts*  
15          *with disproportionately high numbers of limited*  
16          *English proficient students, that may include the re-*  
17          *ruitment of highly qualified individuals from other*  
18          *occupations through alternative certification pro-*  
19          *grams.*

20          “(7) *SOCIAL PROMOTION.*—*Development and im-*  
21          *plementation of efforts to address the problem of social*  
22          *promotion and to prepare teachers to effectively ad-*  
23          *dress the issues raised by ending the practice of social*  
24          *promotion.*

1 **“SEC. 213. COMPETITIVE AWARDS.**

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

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

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

13               “(1) *include innovative reforms to hold institu-*  
14 *tions of higher education with teacher preparation*  
15 *programs accountable for preparing teachers who are*  
16 *highly competent in the academic content areas in*  
17 *which the teachers plan to teach; and*

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

21 **“SEC. 214. APPLICATIONS.**

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

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

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

5       **“SEC. 221. GRANTS AUTHORIZED.**

6       “(a) *IN GENERAL.*—The Secretary is authorized to  
7 award grants to teacher training partnerships to enable the  
8 partnerships to carry out the activities described in section  
9 222. Each grant may be awarded for a period of not more  
10 than 5 years.

11       “(b) *DEFINITIONS.*—In this part:

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

13                       “(A) *IN GENERAL.*—The term ‘teacher  
14 training partnership’ means a partnership  
15 that—

16                               “(i) shall include a school of arts and  
17 sciences, a school or program of education,  
18 a local educational agency, and a kinder-  
19 garten through grade 12 school;

20                               “(ii) shall include a high need local  
21 educational agency or kindergarten through  
22 grade 12 school; and

23                               “(iii) may include a State educational  
24 agency, a pre-kindergarten program, a non-

1                   *profit educational organization, a business,*  
2                   *or a teacher organization.*

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

8                           “(i) *a large number of individuals*  
9                           *from families with incomes below the pov-*  
10                           *erty line;*

11                           “(ii) *a high percentage of teachers not*  
12                           *teaching in the content area in which the*  
13                           *teachers were trained to teach; or*

14                           “(iii) *a high teacher turnover rate.*

15                   “(2) *KINDERGARTEN THROUGH GRADE 12*  
16                   *SCHOOL.*—*The term ‘kindergarten through grade 12*  
17                   *school’ means a school having any one of the grades*  
18                   *kindergarten through grade 12.*

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

22                   “(d) *CONSIDERATION.*—*In awarding grants under this*  
23                   *subpart the Secretary shall 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 creating  
2           improvement and positive change.

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

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

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

20                  “(8) provide support, including preparation  
21                  time, for interaction between faculty at an institution  
22                  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       “(c) *CONSTRUCTION.*—*Nothing in this part shall be*  
2 *construed to prohibit a teacher training partnership from*  
3 *using grant funds to coordinate with the activities of more*  
4 *than 1 Governor, State board of education, or State edu-*  
5 *cational agency.*

6       “**SEC. 223. APPLICATIONS.**

7       “*Each teacher training partnership desiring a grant*  
8 *under this subpart shall submit an application to the Sec-*  
9 *retary at such time, in such manner, and accompanied by*  
10 *such information as the Secretary may require. Each such*  
11 *application shall—*

12               “(1) *describe the composition of the partnership*  
13 *and the involvement of each partner in the develop-*  
14 *ment of the application;*

15               “(2) *contain a needs assessment that includes an*  
16 *analysis of the needs of all the partners with respect*  
17 *to teaching and learning;*

18               “(3) *contain a resource assessment that in-*  
19 *cludes—*

20                       “(A) *an analysis of resources available to*  
21 *the partnership;*

22                       “(B) *a description of the intended use of the*  
23 *grant funds;*

24                       “(C) *a description of how the partnership*  
25 *will coordinate with other teacher training or*

1 professional development programs, including  
2 Federal, State, local, private, and other pro-  
3 grams;

4 “(D) a description of how the activities as-  
5 sisted under this subpart are consistent with  
6 educational reform activities that promote stu-  
7 dent achievement; and

8 “(E) a description of the commitment of the  
9 resources of the partnership to the activities as-  
10 sisted under this subpart, including financial  
11 support, faculty participation, and time commit-  
12 ments;

13 “(4) describe how the partnership will include  
14 the participation of the schools, colleges, or depart-  
15 ments of arts and sciences within an institution of  
16 higher education to ensure the integration of teaching  
17 techniques and content in teaching preparation;

18 “(5) describe how the partnership will restruc-  
19 ture and improve teaching, teacher training, and de-  
20 velopment programs, and how such systemic changes  
21 will contribute to increased student achievement;

22 “(6) describe how the partnership will prepare  
23 teachers to work with diverse student populations, in-  
24 cluding individuals with disabilities and limited  
25 English proficient individuals;

1           “(7) describe how the partnership will prepare  
2 teachers to use technology;

3           “(8) contain a dissemination plan regarding  
4 knowledge and information with respect to effective  
5 teaching practices, and a description of how such  
6 knowledge and information will be implemented in el-  
7 ementary schools or secondary schools as well as insti-  
8 tutions of higher education;

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

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

14           **“Subpart 3—General Provisions**

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

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

17           “(1) *ACCOUNTABILITY REPORT.*—A State that re-  
18 ceives a grant under subpart 1 shall submit an an-  
19 nual accountability report to the Secretary, the Com-  
20 mittee on Labor and Human Resources of the Senate,  
21 and the Committee on Education and the Workforce  
22 of the House of Representatives. Such report shall in-  
23 clude a description of the degree to which the State,  
24 in using funds provided under subpart 1, has made  
25 substantial progress in meeting the following goals:

1           “(A) *STUDENT ACHIEVEMENT.*—Increasing  
2           *student achievement for all students, as measured*  
3           *by increased graduation rates, decreased dropout*  
4           *rates, or higher scores on local, State or other as-*  
5           *essments.*

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

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

18          “(D) *CORE ACADEMIC SUBJECTS.*—(i) In-  
19          *creasing the percentage of secondary school class-*  
20          *es taught in core academic subject areas by*  
21          *teachers—*

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

1                   “(II) who can demonstrate a high level  
2                   of competence through rigorous academic  
3                   subject area tests; or

4                   “(III) who can demonstrate high levels  
5                   of competence through experience in rel-  
6                   evant content areas.

7                   “(ii) Increasing the percentage of elemen-  
8                   tary school classes taught by teachers—

9                   “(I) with academic majors in the arts  
10                  and sciences; or

11                  “(II) who can demonstrate high levels  
12                  of competence through experience in rel-  
13                  evant content areas.

14                  “(E) *DECREASING SHORTAGES FOR PRO-*  
15                  *FESSIONAL DEVELOPMENT.—Decreasing short-*  
16                  *ages of qualified teachers in poor urban and*  
17                  *rural areas.*

18                  “(F) *INCREASING OPPORTUNITIES.—In-*  
19                  *creasing opportunities for enhanced and ongoing*  
20                  *professional development that improves the aca-*  
21                  *demically content knowledge of teachers in the sub-*  
22                  *ject areas in which the teachers are certified to*  
23                  *teach or in which the teachers are working to-*  
24                  *ward certification to teach.*

1                   “(G) *TECHNOLOGY INTEGRATION.*—*Increas-*  
2                   *ing the number of teachers prepared to integrate*  
3                   *technology in the classroom.*

4                   “(2) *TEACHER QUALIFICATIONS PROVIDED TO*  
5                   *PARENT UPON REQUEST.*—*Any local educational*  
6                   *agency that benefits from the activities assisted under*  
7                   *subpart 1 shall make available, upon request and in*  
8                   *an understandable and uniform format, to any par-*  
9                   *ent of a student attending any school served by the*  
10                   *local educational agency, information regarding the*  
11                   *qualifications of the student’s classroom teacher with*  
12                   *regard to the subject matter in which the teacher pro-*  
13                   *vides instruction. The local educational agency shall*  
14                   *inform parents that the parents are entitled to receive*  
15                   *the information upon request.*

16                   “(b) *TEACHER TRAINING PARTNERSHIP EVALUATION*  
17                   *PLAN.*—*Each teacher training partnership receiving a*  
18                   *grant under subpart 2 shall establish an evaluation plan*  
19                   *that includes strong performance objectives established in*  
20                   *negotiation with the Secretary at the time of the grant*  
21                   *award. The plan shall include objectives and measures for—*

22                   “(1) *increased student achievement for all stu-*  
23                   *dents as measured by increased graduation rates, de-*  
24                   *creased dropout rates, or higher scores on local, State,*  
25                   *or other assessments for a year compared to student*

1        *achievement as determined by the rates or scores, as*  
2        *the case may be, for the year prior to the year for*  
3        *which a grant under this part is received;*

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

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

8            *“(4) increased percentages of secondary school*  
9        *classes taught in core academic subject areas by teach-*  
10       *ers—*

11            *“(A) with academic majors in those areas*  
12        *or in a related field;*

13            *“(B) who can demonstrate a high level of*  
14        *competence through rigorous academic subject*  
15        *area tests; and*

16            *“(C) increasing the percentage of elemen-*  
17        *tary school classes taught by teachers with aca-*  
18        *demically majors in the arts and sciences;*

19            *“(5) increased integration of technology in teach-*  
20        *er preparation and in classroom instruction;*

21            *“(6) restructuring or change of methodology*  
22        *courses to reflect best practices learned from elemen-*  
23        *tary schools, secondary schools or other entities;*

24            *“(7) increased dissemination of information*  
25        *about effective teaching strategies and practices; and*

1           “(8) other effects of increased integration among  
2           members of the partnership.

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

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

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

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

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

2       “(a) *STUDY.*—*The Secretary shall conduct a study*  
3 *through the National Center for Education Statistics re-*  
4 *garding the ways teachers are trained and the extent to*  
5 *which teachers in the United States and other comparable*  
6 *countries are teaching in areas other than the teachers’ field*  
7 *of study or expertise. The study will examine specific fields*  
8 *and will outline the nature and extent of the problem of*  
9 *out-of-field teaching in the United States and in other coun-*  
10 *tries that are considered comparable to the United States.*  
11 *The study shall include, at a minimum, all the countries*  
12 *that participated in the Third International Mathematics*  
13 *and Science Study (TIMSS).*

14       “(b) *REPORT.*—*The Secretary shall report to Congress*  
15 *regarding the results of the study described in subsection*  
16 *(a).*

17 **“SEC. 235. ACCOUNTABILITY FOR PROGRAMS THAT PRE-**  
18 ***PARE TEACHERS.***

19       “(a) *INFORMATION COLLECTION AND PUBLICATION.*—

20       “(1) *DEFINITIONS.*—

21               “(A) *Within six months of the date of enact-*  
22 *ment of the Higher Education Amendments of*  
23 *1998, the Commissioner of the National Center*  
24 *for Education Statistics, in consultation with*  
25 *States and institutions of higher education, shall*  
26 *develop key definitions and uniform methods of*

1           *calculation for terms related to the performance*  
2           *of elementary school and secondary school teach-*  
3           *er preparation programs.*

4           “(B) *In complying with this section, the*  
5           *Secretary and State shall ensure that fair and*  
6           *equitable methods are used in reporting and that*  
7           *they protect the privacy of individuals.*

8           “(2) *INFORMATION.—*

9           “(A) *STATE REPORT CARD ON THE QUALITY*  
10           *OF TEACHER PREPARATION.—States that receive*  
11           *funds under this Act shall provide to the Sec-*  
12           *retary, within two years of enactment of the*  
13           *Higher Education Amendments of 1998, and an-*  
14           *nually thereafter, in a uniform and comprehen-*  
15           *sible manner that conforms with the definitions*  
16           *and methods established in subsection (a)(1), a*  
17           *State report card on the quality of teacher prep-*  
18           *aration, which shall include at least the follow-*  
19           *ing:*

20                   “(i) *A description of the teacher certifi-*  
21                   *cation and licensure assessments, and any*  
22                   *other certification and licensure require-*  
23                   *ments, used by each State.*

24                   “(ii) *The standards and criteria that*  
25                   *prospective teachers must meet in order to*

1           *attain initial teacher licensing or certifi-*  
2           *cation and to be licensed to teach particular*  
3           *subjects or in particular grades within the*  
4           *State.*

5           “(iii) *A description of the extent to*  
6           *which those assessments and requirements*  
7           *are aligned with the State’s standards and*  
8           *assessments for students.*

9           “(iv) *The percentage of teaching can-*  
10          *didates who passed each of the assessments*  
11          *used by the State for licensure and certifi-*  
12          *cation, and the ‘cut score’ on each assess-*  
13          *ment that determines whether a candidate*  
14          *has passed that assessment.*

15          “(v) *The percentage of teaching can-*  
16          *didates who passed each of the assessments*  
17          *used by the State for licensure and certifi-*  
18          *cation, disaggregated by the teacher prepa-*  
19          *ration program in that State from which*  
20          *the teacher candidate received his or her*  
21          *most recent degree. States shall make these*  
22          *data available widely and publicly.*

23          “(vi) *Information on the extent to*  
24          *which teachers in the State have been given*  
25          *waivers of State licensure or certification*

1                    *requirements, including the proportion of*  
2                    *such teachers distributed across high and*  
3                    *low poverty districts and across subject*  
4                    *areas.*

5                    *“(vii) A description of each State’s al-*  
6                    *ternative routes to teacher certification, if*  
7                    *any, and the percentage of teachers certified*  
8                    *through alternative certification routes who*  
9                    *pass State licensing assessments.*

10                   *“(viii) For each State, a description of*  
11                   *proposed criteria for assessing the perform-*  
12                   *ance of teacher preparation programs with-*  
13                   *in institutions of higher education, includ-*  
14                   *ing but not limited to indicators of teacher*  
15                   *candidate knowledge and skills as described*  
16                   *in subsection (b)(1)(A).*

17                   *“(B) REPORT OF THE SECRETARY ON THE*  
18                   *QUALITY OF TEACHER PREPARATION.—The Sec-*  
19                   *retary shall publish annually and make widely*  
20                   *available a report card on teacher qualifications*  
21                   *and preparation in the United States, including*  
22                   *all the information reported in subparagraphs*  
23                   *(A) (i)–(viii), beginning three years after enact-*  
24                   *ment of the Higher Education Amendments of*  
25                   *1998. The Secretary shall report to Congress a*

1           *comparison of States' efforts to improve teaching*  
2           *quality. The Secretary shall also report on the*  
3           *national mean and median scores on any stand-*  
4           *ardized test that is used in more than one State*  
5           *for teacher licensure or certification. In the case*  
6           *of teacher preparation programs with fewer than*  
7           *10 graduates taking any single initial teacher*  
8           *certification assessment during any administra-*  
9           *tion of such assessment, the Secretary shall col-*  
10          *lect and publish information with respect to an*  
11          *average pass rate on State certification or licen-*  
12          *sure assessments taken over 3 years.*

13           “(C) *INSTITUTIONAL REPORT CARDS ON*  
14          *THE QUALITY OF TEACHER PREPARATION.—Each*  
15          *institution of higher education that conducts a*  
16          *teacher preparation program that enrolls stu-*  
17          *dents receiving Federal assistance shall, not later*  
18          *than two years after the enactment of the Higher*  
19          *Education Amendments of 1998, and annually*  
20          *thereafter, report, in a uniform and comprehen-*  
21          *sible manner, the following information to the*  
22          *State, and the general public, including through*  
23          *publications such as course catalogues and pro-*  
24          *motivational materials sent to potential applicants,*  
25          *high school guidance counselors, and prospective*

1           *employers of its program graduates, in a manner*  
2           *that conforms with the definitions and methods*  
3           *established under subsection (a)(1):*

4                   “(i) *For the most recent year for which*  
5                   *the information is available, the passing*  
6                   *rate of its graduates on the teacher certifi-*  
7                   *cation and licensure assessments of the*  
8                   *State in which it is located, but only for*  
9                   *those students who took those assessments*  
10                  *within three years of completing the pro-*  
11                  *gram. A comparison of the program’s pass*  
12                  *rate with the State average pass rate shall*  
13                  *be included as well. In the case of teacher*  
14                  *preparation programs with fewer than 10*  
15                  *graduates taking any single initial teacher*  
16                  *certification assessment during any admin-*  
17                  *istration of such assessment, the institution*  
18                  *shall collect and publish information with*  
19                  *respect to an average pass rate on State cer-*  
20                  *tification or licensure assessments taken*  
21                  *over 3 years.*

22                   “(ii) *The number of students in the*  
23                   *program, the average number of hours of su-*  
24                   *pervised practice teaching required for those*

1           *in the program, and the faculty-student*  
2           *ratio in supervised practice teaching.*

3           “(iii) *In States that approve or ac-*  
4           *credit teacher education programs, a state-*  
5           *ment of whether the institution’s program is*  
6           *so approved or accredited.*

7           “(iv) *Whether the program has been*  
8           *designated as low-performing by the State*  
9           *under subsection (b)(1)(B).*

10           *In addition to the actions authorized in section*  
11           *487(c), the Secretary may impose a fine not to*  
12           *exceed \$25,000 on a teacher preparation pro-*  
13           *gram for failure to provide the information de-*  
14           *scribed in subsection (a)(2)(B) in a timely or ac-*  
15           *curate manner.*

16           “(b) *ACCOUNTABILITY.—*

17           “(1) *States receiving funding under this Act,*  
18           *shall develop and implement, no later than three*  
19           *years after enactment of the Higher Education*  
20           *Amendments of 1998, the following teacher prepara-*  
21           *tion program accountability measures and publish the*  
22           *measures publicly and widely:*

23           “(A) *A description of State criteria for*  
24           *identifying low-performing teacher preparation*  
25           *programs which may include a baseline pass*

1           *rate on State licensing assessments and other in-*  
2           *dicators of teacher candidate knowledge and*  
3           *skill. States that do not employ assessments as*  
4           *part of their criteria for licensing or certification*  
5           *are not required to meet this criterion until such*  
6           *time as the State initiates the use of such assess-*  
7           *ments.*

8           *“(B) Procedures for identifying low-per-*  
9           *forming teacher preparation programs based on*  
10          *the criteria developed by the State as required by*  
11          *subsection (b)(1)(A), and publish a list of those*  
12          *programs.*

13          *“(C) States that have, prior to enactment,*  
14          *already conformed with subsections (b)(1) (A)–*  
15          *(B), need not change their procedures, unless the*  
16          *State chooses to do so.*

17          *“(2) Not later than four years after enactment of*  
18          *the Higher Education Amendments of 1998, any*  
19          *teacher preparation programs for which the State has*  
20          *withdrawn its approval or terminated its financial*  
21          *support due to the low performance of its teacher*  
22          *preparation program based on procedures described*  
23          *in subsection (b)(1)—*



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;*

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; or*

1           “(C) applications from partnerships that  
2           propose to carry out programs that use innova-  
3           tive means, including technology, to recruit for  
4           participation in the activities assisted under the  
5           programs students who are Native Hawaiian,  
6           Alaska Native, or Native American Pacific Is-  
7           lander.

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

12           “(1) the placement and retention of a substantial  
13          number of high-quality graduates in teaching posi-  
14          tions in underserved, high-poverty schools;

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

18           “(3) effective partnerships with elementary  
19          schools and secondary schools that are supporting im-  
20          provements 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 edu-  
2           cation; 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 in-  
8           stitution 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 indi-  
12          vidual’s receipt of other forms of Federal student fi-  
13          nancial 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 stu-  
17          dent’s eligibility for grant, loan, or work assistance  
18          under title IV.

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

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

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

1        *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 pro-*  
18       *gram, teach full-time for at least 5 years in a high-poverty*  
19       *school in an underserved geographic area or repay the*  
20       *amount of the scholarship, under the terms and conditions*  
21       *established by the Secretary.*

22       *“(b) REGULATIONS. The Secretary shall prescribe regu-*  
23       *lations relating to the requirements of subsection (a), in-*  
24       *cluding 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 such*  
4 *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 successful*  
10 *in completing teacher preparation programs, becom-*  
11 *ing fully certified teachers, and obtaining teaching*  
12 *positions in underserved areas, and whether the re-*  
13 *cipients 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 teach-*  
21 *er preparation programs conducted by institutions of*  
22 *higher education participating in the eligible partner-*  
23 *ship and on the institutions’ relationships with their*  
24 *partner local educational agencies and other members*  
25 *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 per-*  
 5           *formance 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, 354,*  
 25            *356, 357, 358, and 360 (20 U.S.C. 1066, 1067, 1068,*

1 1069, 1069b, 1069c, 1069d, and 1069f) as sections  
2 391, 392, 393, 394, 395, 396, 397, and 398, respec-  
3 tively;

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

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

11 (5) by transferring subparts 1 and 3 of part B  
12 of title X (20 U.S.C. 1135b et seq. and 1135d et seq.)  
13 to title III to follow part D of title III (as redesign-  
14 ated by paragraph (3)), and redesignating such sub-  
15 part 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 1024  
21 (20 U.S.C. 1135b and 1135b–3), and sections 1041,  
22 1042, 1043, 1044, 1046, and 1047 (20 U.S.C. 1135d,  
23 1135d–1, 1135d–2, 1135d–3, 1135d–5, and 1135d–6)  
24 as sections 351 through 354, and sections 361, 362,  
25 363, 364, 365, and 366, respectively; and

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

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

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

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

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

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

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

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

16                (A) *in subsection (b)(1)(B), by striking*  
17                *“352(b)” and inserting “392(b)”;* *and*

18                (B) *in subsection (c)(2), by striking*  
19                *“352(a)” and inserting “392(a)”;*

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

22          (4) *in section 342 (as redesignated by subsection*  
23          *(a)(4)) (20 U.S.C. 1132c–1)—*

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

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

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

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

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

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

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

14           (B) in subsection (b)—

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

18           (ii) in paragraph (10), by striking  
19           “724” and inserting “344”;

20           (iii) in subsection (d), by striking  
21           “723(c)(1)” and inserting “343(c)(1)”;

22          (6) in section 345(2) (as redesignated by sub-  
23          section (a)(4)) (20 U.S.C. 1132c-4(2)), by striking  
24          “723” and inserting “343”;

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

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

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

8                 (B) in paragraph (2), by striking  
9                 “1046(7)” and inserting “365(7)”;

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

12                (D) in paragraph (4), by striking  
13                “1046(9)” and inserting “365(9)”;

14           (9) in section 361(1) (as redesignated by sub-  
15           section (a)(7)) (20 U.S.C. 1135d(1)), by striking  
16           “1046(3)” and inserting “365(3)”;

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

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

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

23           (11) in section 391(b)(6) (as redesignated by sub-  
24           section (a)(2)), by striking “357” and inserting  
25           “396”.

1 **SEC. 302. FINDINGS.**

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

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

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

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

11 **SEC. 303. STRENGTHENING INSTITUTIONS.**

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

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

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

18 *“(c) ENDOWMENT FUND.—*

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

23 *“(2) MATCHING REQUIREMENT.—In order to be*  
24 *eligible to use grant funds in accordance with para-*  
25 *graph (1), the eligible institution shall provide match-*  
26 *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) *DURATION OF GRANT.*—*Section 313 (20 U.S.C.*  
9       *1059) is amended by adding at the end the following:*

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

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

18       “**SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COL-**  
19                       **LEGES AND UNIVERSITIES.**

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

25               “(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           “(A) is an eligible institution under section  
2           312(b); and

3           “(B) at the time of application, has an en-  
4           rollment of undergraduate students that is at  
5           least 20 percent Alaska Native students;

6           “(3) the term ‘Native Hawaiian’ has the mean-  
7           ing given the term in section 9212 of the Elementary  
8           and Secondary Education Act of 1965; and

9           “(4) the term ‘Native Hawaiian-serving institu-  
10          tion’ means an institution of higher education  
11          which—

12                 “(A) is an eligible institution under section  
13                 312(b); and

14                 “(B) at the time of application, has an en-  
15                 rollment of undergraduate students that is at  
16                 least 10 percent Native Hawaiian students.

17          “(c) *AUTHORIZED ACTIVITIES.*—

18                 “(1) *TYPES OF ACTIVITIES AUTHORIZED.*—  
19                 Grants awarded under this section shall be used by  
20                 Alaska Native-serving institutions and Native Ha-  
21                 waiian-serving institutions to assist such institutions  
22                 to plan, develop, undertake, and carry out programs.

23                 “(2) *EXAMPLES OF AUTHORIZED ACTIVITIES.*—  
24                 Such programs may include—

1           “(A) purchase, rental, or lease of scientific  
2           or laboratory equipment for educational pur-  
3           poses, including instructional and research pur-  
4           poses;

5           “(B) renovation and improvement in class-  
6           room, library, laboratory, and other instruc-  
7           tional facilities;

8           “(C) support of faculty exchanges, and fac-  
9           ulty development and faculty fellowships to as-  
10          sist in attaining advanced degrees in their field  
11          of instruction;

12          “(D) curriculum development and academic  
13          instruction;

14          “(E) purchase of library books, periodicals,  
15          microfilm, and other educational materials;

16          “(F) funds and administrative manage-  
17          ment, and acquisition of equipment for use in  
18          strengthening funds management;

19          “(G) joint use of facilities such as labora-  
20          tories and libraries; and

21          “(H) academic tutoring and counseling pro-  
22          grams and student support services.

23          “(d) APPLICATION PROCESS.—

24                 “(1) INSTITUTIONAL ELIGIBILITY.—Each Alaska  
25          Native-serving institution and Native Hawaiian-serv-

1 *ing institution desiring to receive assistance under*  
2 *this section shall submit to the Secretary such enroll-*  
3 *ment data as may be necessary to demonstrate that*  
4 *it is an Alaska Native-serving institution or a Native*  
5 *Hawaiian-serving institution as defined in subsection*  
6 *(b), along with such other information and data as*  
7 *the Secretary may by regulation require.*

8 “(2) *APPLICATIONS.*—*Any institution which is*  
9 *determined by the Secretary to be an Alaska Native-*  
10 *serving institution or a Native Hawaiian-serving in-*  
11 *stitution may submit an application for assistance*  
12 *under this section to the Secretary. Such application*  
13 *shall include—*

14 “(A) *a 5-year plan for improving the assist-*  
15 *ance provided by the Alaska Native-serving insti-*  
16 *tution or the Native Hawaiian-serving institu-*  
17 *tion to Alaska Native or Native Hawaiian stu-*  
18 *dents; and*

19 “(B) *such other information and assurance*  
20 *as the Secretary may require.*

21 “(e) *SPECIAL RULE.*—*For the purposes of this section,*  
22 *no Alaska Native-serving institution or Native Hawaiian-*  
23 *serving institution which is eligible for and receives funds*  
24 *under this section may concurrently receive other funds*  
25 *under this part or part B.”.*

1 **SEC. 304. STRENGTHENING HBCU's.**

2 (a) *GRANTS*.—Section 323 (20 U.S.C. 1062) is amend-  
3 ed—

4 (1) *by redesignating subsection (b) as subsection*  
5 *(c); and*

6 (2) *by inserting after subsection (a) the follow-*  
7 *ing:*

8 “(b) *ENDOWMENT FUND*.—

9 “(1) *IN GENERAL*.—An institution may use not  
10 more than 20 percent of the grant funds provided  
11 under this part to establish or increase an endowment  
12 fund at the institution.

13 “(2) *MATCHING REQUIREMENT*.—In order to be  
14 eligible to use grant funds in accordance with para-  
15 graph (1), the eligible institution shall provide match-  
16 ing funds, in an amount equal to the Federal funds  
17 used in accordance with paragraph (1), for the estab-  
18 lishment or increase of the endowment fund.

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

24 (b) *PROFESSIONAL OR GRADUATE INSTITUTIONS*.—  
25 Section 326 (20 U.S.C. 1063b) is amended—

26 (1) *in subsection (a)*—

1           (A) in paragraph (2), by striking  
2           “\$500,000” and inserting “\$1,000,000”; and

3           (B) by adding at the end of paragraph (2)  
4           the following: “If a grant of less than \$1,000,000  
5           is made under this section, matching funds pro-  
6           vided from non-Federal sources are not required.  
7           If a grant equal to or in excess of \$1,000,000 is  
8           made under this section, matching funds pro-  
9           vided from non-Federal sources are required only  
10          with respect to the amount of the grant that ex-  
11          ceeds \$1,000,000.”; and

12          (2) in subsection (d)(2), by striking “\$500,000”  
13          and inserting “\$1,000,000”.

14          (3) in subsection (e)(1)—

15               (A) in subparagraph (E), by inserting “,  
16               and any Tuskegee University qualified graduate  
17               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 graduate  
23               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;

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

11          (G) in subparagraph (O), by striking “and”  
12          after the semicolon.

13          (H) in subparagraph (P)—

14               (i) by inserting “University” after  
15               “State”; and

16               (ii) by striking the period and insert-  
17               ing a semicolon; and

18          (I) by adding at the end the following:

19               “(Q) Norfolk State University qualified  
20               graduate program; and

21               “(R) Tennessee State University qualified  
22               graduate program.”;

23          (4) in subsection (f)—

24               (A) in paragraph (1), by striking  
25               “\$12,000,000” and inserting “\$15,000,000”;

1                   (B) in paragraph (2)—

2                   (i) in the matter preceding subpara-  
3                   graph (A), by striking “\$12,000,000” and  
4                   inserting “\$15,000,000 but not in excess of  
5                   \$28,000,000”;

6                   (ii) in subparagraph (A), by striking  
7                   “\$500,000” and inserting “\$1,000,000”;  
8                   and

9                   (iii) in subparagraph (B)—

10                   (I) by striking “(A) through (P)”  
11                   and inserting “(Q) and (R)”; and

12                   (II) by striking the period and in-  
13                   serting “; and

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

15                   “(3) any amount appropriated in excess of  
16                   \$28,000,000 shall be available for the purpose of mak-  
17                   ing grants to institutions or programs described in  
18                   subparagraphs (A) through (R), on a competitive  
19                   basis and through a peer review process that takes  
20                   into consideration—

21                   “(A) the ability of the institution to match  
22                   Federal funds with non-Federal funds;

23                   “(B) the number of students enrolled in the  
24                   institution or program for which funds are  
25                   sought;

1           “(C) the percentage of students enrolled in  
2           the institution or program for which funds are  
3           sought who are eligible for need-based student  
4           aid;

5           “(D) the percentage of students enrolled in  
6           the institution or program for which funds are  
7           sought who complete their degrees within a rea-  
8           sonable period of time as determined by the Sec-  
9           retary; and

10           “(E) the quality of the proposal.”; and

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

12           “(g) *SPECIAL RULE.*—No institution or program de-  
13           scribed in subsection (e)(1) that received a grant under this  
14           section for fiscal year 1998 and that is eligible to receive  
15           a grant under this section in a subsequent fiscal year shall  
16           receive a grant under this section in any subsequent fiscal  
17           year in an amount that is less than the grant amount re-  
18           ceived for fiscal year 1996 or 1997, whichever is greater,  
19           unless—

20           “(1) the amount appropriated for the subsequent  
21           fiscal year is not sufficient to provide grants under  
22           this section to all such institutions or programs; or

23           “(2) the institution or program cannot provide  
24           sufficient matching funds to meet the requirements of  
25           this section.”.

1 **SEC. 305. ENDOWMENT CHALLENGE GRANTS.**

2 *Paragraph (2) of section 331(b) (20 U.S.C. 1065(b))*  
3 *is amended by striking subparagraphs (B) and (C) and in-*  
4 *serting the following:*

5 *“(B) The Secretary may make a grant under this part*  
6 *to an eligible institution in any fiscal year if the institu-*  
7 *tion—*

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

10 *“(ii) has deposited in the eligible institution’s*  
11 *endowment fund established under this section an*  
12 *amount which is equal to 1/2 of the amount of such*  
13 *grant.*

14 *“(C) An eligible institution of higher education that*  
15 *is awarded a grant under subparagraph (B) shall not be*  
16 *eligible to receive an additional grant under subparagraph*  
17 *(B) until 10 years after the date on which the grant period*  
18 *terminates.”.*

19 **SEC. 306. HBCU CAPITAL FINANCING.**

20 *(a) DEFINITION.—Section 342(5) (as redesignated by*  
21 *section 301(a)(4)) (20 U.S.C. 1132c–1(5)) is amended—*

22 *(1) by redesignating subparagraphs (B), (C),*  
23 *and (D) as subparagraphs (C), (F), and (G);*

24 *(2) by inserting after subparagraph (A) the fol-*  
25 *lowing:*

1           “(B) a facility for the administration of an  
2           educational program, or a student center or stu-  
3           dent union, except that not more than 5 percent  
4           of the loan proceeds provided under this part  
5           may be used for the facility, center or union if  
6           the facility, center or union is owned, leased,  
7           managed, or operated by a private business,  
8           that, in return for such use, makes a payment to  
9           the eligible institution;”;

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

12           “(D) a maintenance, storage, or utility fa-  
13           cility that is essential to the operation of a facil-  
14           ity, a library, a dormitory, equipment, instru-  
15           mentation, a fixture, real property or an interest  
16           therein, described in this paragraph;

17           “(E) a facility designed to provide pri-  
18           marily outpatient health care for students or fac-  
19           ulty;”;

20           (4) in subparagraph (G) (as redesignated by  
21           paragraph (2)), by striking “(C)” and inserting  
22           “(F)”.

23           (b) *FULL FAITH AND CREDIT*.—Section 343 (as red-  
24           ignated by section 301(a)(4)) (20 U.S.C. 1132c-2) is  
25           amended by adding at the end the following:



1       pairing the quantity of well prepared scientists, engi-  
2       neers, and technical experts in these fields.

3               “(3) Despite significant limitations in resources,  
4       minority institutions provide an important edu-  
5       cational opportunity for minority students, particu-  
6       larly in science and engineering fields. Aid to minor-  
7       ity institutions is a good way to address the under-  
8       representation of minorities in science and techno-  
9       logical fields.

10              “(4) There is a strong Federal interest in im-  
11       proving science and engineering programs at minor-  
12       ity institutions as such programs lag behind in pro-  
13       gram offerings and in student enrollment compared to  
14       such programs at other institutions of higher edu-  
15       cation.”.

16       (b) *DEFINITIONS.*—Section 365(4) (as redesignated by  
17       section 301(a)(7)) (20 U.S.C. 1135d–5(4)) is amended by  
18       inserting “behavioral,” after “physical,”.

19       **SEC. 308. GENERAL PROVISIONS.**

20       (a) *APPLICATIONS.*—Paragraph (1) of section 391(b)  
21       (as redesignated by section 301(a)(2)) (20 U.S.C. 1066(b))  
22       is amended by inserting “, D or E” after “part C”.

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

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

3       (c) *WAIVERS.*—*Paragraph (2) of section 395(b) (as re-*  
4 *designated by section 301(a)(2)) (20 U.S.C. 1069b(b)) is*  
5 *amended by striking “title IV, VII, or VIII” and inserting*  
6 *“part D or title IV”.*

7       (d) *AUTHORIZATION OF APPROPRIATIONS.*—*Section*  
8 *398(a) (as redesignated by section 301(a)(2)) (20 U.S.C.*  
9 *1069f) is amended—*

10           (1) *in paragraph (1)—*

11                   (A) *in subparagraph (A), by striking*  
12 *“1993” and inserting “1999”;*

13                   (B) *in subparagraph (B)—*

14                           (i) *in clause (i), by striking*  
15 *“\$45,000,000 for fiscal year 1993” and in-*  
16 *serting “\$5,000,000 for fiscal year 1999”;*

17                           (ii) *by striking clause (ii); and*

18                           (iii) *by striking “(B)(i) There” and in-*  
19 *serting “(B) There”; and*

20                   (C) *by adding at the end the following:*

21                           “(C) *There are authorized to be appropriated to*  
22 *carry out section 317, \$5,000,000 for fiscal year 1999*  
23 *and such sums as may be necessary for each of the*  
24 *4 succeeding fiscal years.*”;

25           (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 inserting  
5           “\$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 appro-  
11           priated to carry out part D, \$110,000 for fiscal year  
12           1999, and such sums as may be necessary for each of  
13           the 4 succeeding fiscal years.

14           “(5) PART E.—There are authorized to be appro-  
15           priated to carry out part E, \$10,000,000 for fiscal  
16           year 1999, and such sums as may be necessary for  
17           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       Part A of title IV (20 U.S.C. 1070 et seq.) is amend-  
23       ed—

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

4           (2) by repealing subpart 8 (20 U.S.C. 1070f).

5 **SEC. 412. FEDERAL PELL GRANTS.**

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

11          (b) *FEDERAL PELL GRANTS.*—Section 401 (20 U.S.C.  
12          1070a) is amended—

13               (1) in the section heading, by striking “**BASIC**  
14               **EDUCATIONAL OPPORTUNITY GRANTS**” and in-  
15               serting “**FEDERAL PELL GRANTS**”;

16               (2) in subsection (a)(1)—

17                       (A) in the first sentence, by striking “shall,  
18                       during the period beginning July 1, 1972, and  
19                       ending September 30, 1998,” and inserting “, for  
20                       each fiscal year through fiscal year 2004, shall”;  
21                       and

22                       (B) in the second sentence, by inserting  
23                       “until such time as the Secretary determines and  
24                       publishes in the Federal Register with an oppor-  
25                       tunity for comment, an alternative payment sys-

1           *tem that provides payments to institutions in an*  
2           *accurate and timely manner,” after “pay eligible*  
3           *students”;*

4           *(3) in subsection (b)—*

5                   *(A) in paragraph (2)(A), by striking clauses*  
6           *(i) through (v), and inserting the following:*

7                           *“(i) \$5,000 for academic year 1999–*  
8                           *2000;*

9                           *“(ii) \$5,200 for academic year 2000–*  
10                          *2001;*

11                          *“(iii) \$5,400 for academic year 2001–*  
12                          *2002;*

13                          *“(iv) \$5,600 for academic year 2002–*  
14                          *2003; and*

15                          *“(v) \$5,800 for academic year 2003–*  
16                          *2004.”;*

17                          *(B) by amending paragraph (3) to read as*  
18           *follows:*

19                          *“(3) For any academic year for which an appro-*  
20           *priation Act provides a maximum basic grant in an*  
21           *amount in excess of \$2,400, the amount of a student’s*  
22           *basic grant shall equal \$2,400 plus—*

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

25                            *“(B) the lesser of—*

1           “(i) the remaining one-half of such ex-  
2           cess; or

3           “(ii) the sum of the student’s tuition,  
4           fees, and if the student has dependent care  
5           expenses (as described in section 472(8) or  
6           disability-related expenses (as described in  
7           section 472(9)), an allowance determined by  
8           the institution for such expenses.”;

9           (C) in paragraph (5), by striking “\$400, ex-  
10          cept” and all that follows through “grant of  
11          \$400” and insert “\$200”; and

12          (D) in paragraph (6)—

13                 (i) by redesignating subparagraphs (A)  
14                 and (B) as clauses (i) and (ii), respectively;

15                 (ii) by inserting “(A)” after the para-  
16                 graph designation; and

17                 (iii) by adding at the end the follow-  
18                 ing:

19                         “(B) The Secretary shall promulgate regula-  
20                         tions implementing this paragraph.”; 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, re-

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

10           *“(B)(i) A student may receive basic grants*  
11           *under this subpart for a period that exceeds the*  
12           *period described in subparagraph (A) or clause*  
13           *(ii) to the extent the institution in which the stu-*  
14           *dent is enrolled determines necessary to accom-*  
15           *modate the rights of students with disabilities*  
16           *under section 504 of the Rehabilitation Act of*  
17           *1973.*

18           *“(i) Notwithstanding subsection (a)(1), the*  
19           *Secretary may allow, on a case-by-case basis, a*  
20           *student to receive a basic grant if the student—*

21                   *“(I) is carrying at least  $\frac{1}{2}$  the normal*  
22                   *full-time work load for the course of study*  
23                   *the student is pursuing, as determined by*  
24                   *the institution of higher education; and*

1           “(II) is enrolled or accepted for enroll-  
2           ment in a postbaccalaureate program that  
3           does not lead to a graduate degree, and in  
4           courses required by a State in order for the  
5           student to receive a professional certifi-  
6           cation or licensing credential that is re-  
7           quired for employment as a teacher in an  
8           elementary school or secondary school in  
9           that State,

10           except that this subparagraph shall not apply to  
11           a student who is enrolled in an institution of  
12           higher education that offers a baccalaureate de-  
13           gree in education.”; and

14           (B) in paragraph (2)—

15           (i) by striking “Nothing” and insert-  
16           ing “(A) Except as provided in subpara-  
17           graph (B), nothing”;

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

20           (iii) by adding at the end the follow-  
21           ing:

22           “(B)(i) A student may receive a basic grant  
23           to attend English language instruction that is a  
24           separate course of instruction only if—

1           “(I) not less than a minimum percent-  
2           age of the students enrolled in the course  
3           complete the course;

4           “(II) students enrolled in the course  
5           are required to take an independently ad-  
6           ministered standardized test of English lan-  
7           guage proficiency upon completion of the  
8           course; and

9           “(III) not less than a minimum per-  
10          centage of the students enrolled in the course  
11          achieve a passing score on that test.

12          “(i) The Secretary shall promulgate regula-  
13          tions that specify the minimum percentage of  
14          students who complete the course of instruction,  
15          1 or more standardized tests of English pro-  
16          ficiency, the minimum percentage of students  
17          who must achieve a passing score on the tests,  
18          and such other requirements as the Secretary de-  
19          termines are necessary to implement clause (i).”.

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

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

23                  (1) in subsection (b)(3)—

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

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

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

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

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

20          (4) in subsection (g), by adding at the end the  
21          following:

22                 “(4) WAIVER.—The Secretary may waive the  
23          service requirements in subparagraph (A) or (B) of  
24          paragraph (3) if the Secretary determines the appli-

1        *cation of the service requirements to a veteran will de-*  
2        *feat the purpose of a program under this chapter.”.*

3        (b) *TALENT SEARCH.—(1) AMENDMENT TO SECTION*  
4        *402B(b)(5).—Section 402B(b)(5) (20 U.S.C. 1070a–12(b)(5))*  
5        *is amended by inserting “, or activities designed to ac-*  
6        *quaint individuals from disadvantaged backgrounds with*  
7        *careers in which the individuals are particularly underrep-*  
8        *resented” before the semicolon.*

9        (2) *AMENDMENT TO SECTION 402B(b)(9).—Section*  
10       *402B(b)(9) (20 U.S.C. 1070a–12(b)(9)) is amended by in-*  
11       *serting “or counselors” after “teachers”.*

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

14                (1) *in subsection (b)—*

15                        (A) *in paragraph (9)—*

16                                (i) *by inserting “or counselors” after*  
17                                *“teachers”; and*

18                                (ii) *by striking “and” after the semi-*  
19                                *colon;*

20                        (B) *by redesignating paragraph (10) as*  
21        *paragraph (11);*

22                        (C) *by inserting after paragraph (9) the fol-*  
23        *lowing:*

1           “(10) work-study positions where youth partici-  
2           pating in the project are exposed to careers requiring  
3           a postsecondary degree; and”; and

4           (D) in paragraph (11) (as redesignated by  
5           subparagraph (B)), by striking “(9)” and insert-  
6           ing “(10)”; and

7           (2) in subsection (e), by striking “and not in ex-  
8           cess of \$40 per month during the remaining period of  
9           the year.” and inserting “except that youth partici-  
10          pating in a work-study position under subsection  
11          (b)(10) may be paid a stipend of \$300 per month  
12          during June, July, and August. Youths participating  
13          in a project proposed to be carried out under any ap-  
14          plication may be paid stipends not in excess of \$40  
15          per month during the remaining period of the year.”.

16          (d) *STUDENT SUPPORT SERVICES*.—Paragraph (6) of  
17          section 402D(c) (20 U.S.C. 1070a–14(c)(6)) is amended to  
18          read as follows:

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

22                         “(A) providing sufficient financial assist-  
23                         ance to meet the full financial need of each stu-  
24                         dent at the institution; and

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

3           (e) *STAFF DEVELOPMENT ACTIVITIES.*—Section  
4 402G(a) (20 U.S.C. 1070a–17(a)) is amended by inserting  
5 “participating in,” after “leadership personnel employed  
6 in,”.

7           (f) *EVALUATION AND DISSEMINATION.*—Section 402H  
8 (20 U.S.C. 1070a–18) is amended to read as follows:

9   **“SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IM-**  
10                   **PROVEMENT AND DISSEMINATION PARTNER-**  
11                   **SHIP PROJECTS.**

12           “(a) *EVALUATIONS.*—

13                   “(1) *IN GENERAL.*—For the purpose of improv-  
14                   ing the effectiveness of the programs and projects as-  
15                   sisted under this subpart, the Secretary may make  
16                   grants to or enter into contracts with institutions of  
17                   higher education and other public and private insti-  
18                   tutions and organizations to evaluate the effectiveness  
19                   of the programs and projects assisted under this sub-  
20                   part.

21                   “(2) *PRACTICES.*—The evaluations described in  
22                   paragraph (1) shall identify institutional, commu-  
23                   nity, and program or project practices that are par-  
24                   ticularly effective in enhancing the access of low-in-  
25                   come individuals and first-generation college students

1       to postsecondary education, the preparation of the in-  
2       dividuals and students for postsecondary education,  
3       and the success of the individuals and students in  
4       postsecondary education.

5       “(b) GRANTS.—The Secretary may award grants to  
6       institutions of higher education or other private and public  
7       institutions and organizations, that are carrying out a pro-  
8       gram or project assisted under this subpart prior to the date  
9       of enactment of the Higher Education Amendments of 1998,  
10      to enable the institutions and organizations to expand and  
11      leverage the success of such programs or projects by working  
12      in partnership with other institutions, community-based  
13      organizations, or combinations of such institutions and or-  
14      ganizations, that are not receiving assistance under this  
15      subpart and are serving low-income students and first gen-  
16      eration college students, in order to—

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

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

21      “(c) RESULTS.—In order to improve overall program  
22      or project effectiveness, the results of evaluations and grants  
23      described in this section shall be disseminated by the Sec-  
24      retary to similar programs or projects assisted under this  
25      subpart, as well as other individuals concerned with post-

1 *secondary access for and retention of low-income individ-*  
 2 *uals and first-generation college students.”.*

3 **SEC. 414. CONNECTIONS PROGRAM.**

4 *Chapter 2 of subpart 2 of part A of title IV (20 U.S.C.*  
 5 *1070a–21 et seq.) is amended to read as follows:*

6 **“CHAPTER 2—CONNECTIONS PROGRAM**

7 **“SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARE-**  
 8 **NESS PROGRAM AUTHORIZED.**

9 *“(a) IN GENERAL.—The Secretary is authorized, in*  
 10 *accordance with the requirements of this chapter, to estab-*  
 11 *lish a program that—*

12 *“(1) encourages eligible entities to provide or*  
 13 *maintain a guarantee to eligible low-income students*  
 14 *who obtain a secondary school diploma (or its recog-*  
 15 *nized equivalent), of the financial assistance necessary*  
 16 *to permit the students to attend an institution of*  
 17 *higher education; and*

18 *“(2) supports eligible entities in providing—*

19 *“(A) additional counseling, mentoring, aca-*  
 20 *ademic support, outreach, and supportive services*  
 21 *to elementary, middle, and secondary school stu-*  
 22 *dents who are at risk of dropping out of school;*  
 23 *and*

24 *“(B) information to students and their par-*  
 25 *ents about the advantages of obtaining a post-*

1           *secondary education and their college financing*  
2           *options.*

3           “(b) *AWARDS.*—

4           “(1) *IN GENERAL.*—*The Secretary may award*  
5           *grants to eligible entities to carry out the program*  
6           *authorized under subsection (a).*

7           “(2) *PRIORITY.*—*In making the awards de-*  
8           *scribed in paragraph (1), the Secretary shall—*

9           “(A) *give priority to eligible entities that—*

10           “(i) *carried out, prior to the date of*  
11           *enactment of the Higher Education Amend-*  
12           *ments of 1998, successful educational oppor-*  
13           *tunity programs; and*

14           “(ii) *have a prior, demonstrated com-*  
15           *mitment to early intervention leading to*  
16           *college access through collaboration and rep-*  
17           *lication of successful strategies; and*

18           “(B) *ensure that students served under this*  
19           *chapter prior to the date of enactment of the*  
20           *Higher Education Amendments of 1998 continue*  
21           *to receive service through the completion of sec-*  
22           *ondary school.*

23           “(c) *DEFINITIONS.*—*For the purposes of this chapter,*  
24           *the term ‘eligible entity’ means—*

25           “(1) *a State; or*

1           “(2) a partnership consisting of—

2                   “(A) 1 or more local educational agencies  
3 acting on behalf of—

4                           “(i) 1 or more public schools; and

5                                   “(ii) the public secondary schools that  
6 students from the schools described in clause  
7 (i) would normally attend;

8                   “(B) 1 or more degree granting institutions  
9 of higher education; and

10                   “(C) at least 2 community organizations or  
11 entities, such as businesses, professional associa-  
12 tions, community-based organizations, philan-  
13 thropic organizations, State agencies, institu-  
14 tions or agencies sponsoring programs authorized  
15 under subpart 4, or other public or private agen-  
16 cies or organizations.

17           “(d) COORDINATION.—Each eligible entity shall ensure  
18 that the activities assisted under this chapter are, to the  
19 extent practicable, coordinated with, and complement and  
20 enhance—

21                   “(1) services under this chapter provided by  
22 other eligible entities serving the same school district  
23 or State; and

24                   “(2) related services under other Federal or non-  
25 Federal programs.

1 **“SEC. 404B. ELIGIBILITY ENTITY PLANS.**

2 “(a) *PLAN REQUIRED FOR ELIGIBILITY.*—

3 “(1) *IN GENERAL.*—*In order for an eligible en-*  
4 *tity to qualify for a grant under this chapter, the eli-*  
5 *gible entity shall submit to the Secretary a plan for*  
6 *carrying out the program under this chapter. Such*  
7 *plan shall provide for the conduct of both a scholar-*  
8 *ship component in accordance with section 404D and*  
9 *an early intervention component in accordance with*  
10 *section 404C.*

11 “(2) *CONTENTS.*—*Each plan submitted pursuant*  
12 *to paragraph (1) shall be in such form, contain or be*  
13 *accompanied by such information or assurances, and*  
14 *be submitted at such time as the Secretary may re-*  
15 *quire by regulation. Each such plan shall—*

16 “(A) *describe the activities for which assist-*  
17 *ance under this chapter is sought; and*

18 “(B) *provide such additional assurances as*  
19 *the Secretary determines necessary to ensure*  
20 *compliance with the requirements of this chapter.*

21 “(b) *MATCHING REQUIREMENT.*—

22 “(1) *IN GENERAL.*—*The Secretary shall not ap-*  
23 *prove a plan submitted under subsection (a) unless*  
24 *such plan—*

25 “(A) *provides that the eligible entity will*  
26 *provide, from State, local, institutional, or pri-*

1           *vate funds, not less than 1/2 the cost of the pro-*  
2           *gram, which matching funds may be provided in*  
3           *cash or in kind;*

4           *“(B) specifies the methods by which such*  
5           *share of the costs will be paid; and*

6           *“(C) includes provisions designed to ensure*  
7           *that funds provided under this chapter shall sup-*  
8           *plement and not supplant funds expended for ex-*  
9           *isting programs.*

10          *“(2) SPECIAL RULE.—The Secretary may change*  
11          *the share of the costs required to be provided under*  
12          *paragraph (1)(A) for eligible entities defined in sec-*  
13          *tion 402A(c)(2).*

14          *“(c) METHODS FOR COMPLYING WITH MATCHING RE-*  
15          *QUIREMENT.—An eligible entity may count toward the*  
16          *share of the costs required by subsection (b)(1)(A)—*

17                 *“(1) the amount of the grants paid to students*  
18                 *from State, local, institutional, or private funds*  
19                 *under this chapter;*

20                 *“(2) the amount of tuition, fees, room or board*  
21                 *waived or reduced for recipients of grants under this*  
22                 *chapter; and*

23                 *“(3) the amount expended on documented, tar-*  
24                 *geted, long-term mentoring and counseling provided*  
25                 *by volunteers or paid staff of nonschool organizations,*

1 *including businesses, religious organizations, commu-*  
2 *nity groups, postsecondary educational institutions,*  
3 *nonprofit and philanthropic organizations, and other*  
4 *organizations.*

5 *“(d) COHORT APPROACH.—*

6 *“(1) IN GENERAL.—The Secretary may require*  
7 *that eligible entities—*

8 *“(A) provide services under this chapter to*  
9 *at least 1 grade level of students, beginning not*  
10 *later than 7th grade, in a participating public*  
11 *school that has a 7th grade and in which at least*  
12 *50 percent of the students enrolled are eligible for*  
13 *free or reduced-price lunch (or, if an eligible en-*  
14 *tity determines that it would promote the effec-*  
15 *tiveness of a project, an entire grade level of stu-*  
16 *dents, beginning not later than the 7th grade,*  
17 *who reside in public housing as defined in sec-*  
18 *tion 3(b)(1) of the United States Housing Act of*  
19 *1937); and*

20 *“(B) ensure that the services are provided*  
21 *through the 12th grade to students in the partici-*  
22 *pating grade level.*

23 *“(2) COORDINATION REQUIREMENT.—In order*  
24 *for the Secretary to require the cohort approach de-*  
25 *scribed in paragraph (1), the Secretary shall, where*

1       *applicable, ensure that the cohort approach is done in*  
2       *coordination and collaboration with existing early*  
3       *intervention programs and does not duplicate the*  
4       *services already provided to a school or community.*

5       **“SEC. 404C. EARLY INTERVENTION.**

6       “(a) *SERVICES.—*

7               “(1) *In order to receive a grant under this chap-*  
8       *ter, an eligible entity shall demonstrate to the satis-*  
9       *faction of the Secretary, in the plan submitted under*  
10       *section 404B, that the eligible entity will provide*  
11       *comprehensive mentoring, counseling, outreach, and*  
12       *supportive services to students participating in pro-*  
13       *grams under this chapter who are enrolled in any of*  
14       *the grades preschool through grade 12. Such counsel-*  
15       *ing shall include financial aid counseling that pro-*  
16       *vides—*

17               “(A) *information regarding the opportuni-*  
18       *ties for financial assistance under this title; and*

19               “(B) *activities or information regarding—*

20                       “(i) *fostering and improving parent*  
21       *involvement in promoting postsecondary in-*  
22       *formation regarding the advantages of a*  
23       *college education, academic admission re-*  
24       *quirements, and the need to take college*  
25       *preparation courses;*

1                   “(ii) admissions and achievement tests;

2                   and

3                   “(iii) application procedures.

4                   “(2) METHODS.—The eligible entity shall  
5                   demonstrate in such plan, pursuant to regula-  
6                   tions of the Secretary, the methods by which the  
7                   eligible entity will target services on priority  
8                   students.

9                   “(b) USES OF FUNDS.—

10                   “(1) IN GENERAL.—The Secretary shall, by regu-  
11                   lation, establish criteria for determining whether com-  
12                   prehensive mentoring, counseling, outreach, and sup-  
13                   portive services programs may be used to meet the re-  
14                   quirements of subsection (a).

15                   “(2) ALLOWABLE PROVIDERS.—For those eligible  
16                   entities defined in section 404A(c)(1), the activities  
17                   required by subsection (a) may be provided by service  
18                   providers such as community-based organizations,  
19                   schools, institutions of higher education, public and  
20                   private agencies, nonprofit and philanthropic organi-  
21                   zations, businesses, institutions and agencies sponsor-  
22                   ing programs authorized under subpart 4 of this part,  
23                   and other organizations the State deems appropriate.

1           “(3) *PERMISSIBLE ACTIVITIES.*—*Examples of ac-*  
2           *tivities that meet the requirements of subsection (a)*  
3           *include the following:*

4                   “(A) *Providing eligible students in pre-*  
5                   *school through grade 12 with a continuing sys-*  
6                   *tem of mentoring and advising that—*

7                           “(i) *is coordinated with the Federal*  
8                           *and State community service initiatives;*  
9                           *and*

10                           “(ii) *may include such support services*  
11                           *as after school and summer tutoring, assist-*  
12                           *ance in obtaining summer jobs, career men-*  
13                           *toring, and academic counseling.*

14                   “(B) *Requiring each student to enter into*  
15                   *an agreement under which the student agrees to*  
16                   *achieve certain academic milestones, such as*  
17                   *completing a prescribed set of courses and main-*  
18                   *taining satisfactory academic progress described*  
19                   *in section 484(c), in exchange for receiving tui-*  
20                   *tion assistance for a period of time to be estab-*  
21                   *lished by each State.*

22                   “(C) *Activities designed to ensure secondary*  
23                   *school completion and college enrollment of at-*  
24                   *risk children, including identification of at-risk*  
25                   *children, after school and summer tutoring, as-*

1           *sistance in obtaining summer jobs, academic*  
2           *counseling, volunteer and parent involvement,*  
3           *providing former or current scholarship recipi-*  
4           *ents as mentor or peer counselors, skills assess-*  
5           *ment, providing access to rigorous core courses*  
6           *that reflect challenging academic standards, per-*  
7           *sonal counseling, family counseling and home*  
8           *visits, staff development, and programs and ac-*  
9           *tivities described in this subparagraph that are*  
10          *specially designed for students of limited English*  
11          *proficiency.*

12           “(D) *Summer programs for individuals*  
13          *planning to attend an institution of higher edu-*  
14          *cation in the next academic year that—*

15                   “(i) *are carried out at an institution*  
16                   *of higher education that also has programs*  
17                   *of academic year supportive services for dis-*  
18                   *advantaged students through projects au-*  
19                   *thorized under section 402D or through*  
20                   *comparable projects funded by the State or*  
21                   *other sources;*

22                   “(ii) *provide for the participation of*  
23                   *the individuals who are eligible for assist-*  
24                   *ance under section 402D or who are eligible*

1           *for comparable programs funded by the*  
2           *State;*

3           “(iii)(I) *provide summer instruction*  
4           *in remedial, developmental or supportive*  
5           *courses;*

6           “(II) *provide such summer services as*  
7           *counseling, tutoring, or orientation; and*

8           “(III) *provide grant aid to the individ-*  
9           *uals to cover the individuals’ summer costs*  
10          *for books, supplies, living costs, and per-*  
11          *sonal expenses; and*

12          “(iv) *provide the individuals with fi-*  
13          *nancial aid during each academic year the*  
14          *individuals are enrolled at the participat-*  
15          *ing institution after the summer program.*

16          “(E) *Requiring eligible students to meet*  
17          *other standards or requirements as the State de-*  
18          *termines necessary to meet the purposes of this*  
19          *section.*

20          “(c) *PRIORITY STUDENTS.—In administering the*  
21          *early intervention component, the eligible entity shall treat*  
22          *as priority students any student in preschool through grade*  
23          *12 who is eligible—*

24                 “(1) *to be counted under section 1005(c) of the*  
25          *Elementary and Secondary Education Act of 1965;*

1           “(2) for free or reduced price meals pursuant to  
2           the National School Lunch Act; or

3           “(3) for assistance pursuant to part A of title IV  
4           of the Social Security Act.

5   **“SEC. 404D. SCHOLARSHIP COMPONENT.**

6           “(a) *IN GENERAL.*—

7           “(1) *STATES.*—In order to receive a grant under  
8           this chapter, an eligible entity described in section  
9           404A(c)(1) shall establish or maintain a financial as-  
10          sistance program that awards grants to students in  
11          accordance with the requirements of this section. The  
12          Secretary shall encourage the eligible entity to ensure  
13          that the tuition assistance provided pursuant to this  
14          section is available to an eligible student for use at  
15          any institution of higher education.

16          “(2) *PARTNERSHIPS.*—An eligible entity de-  
17          scribed in section 404A(c)(2) may award scholarships  
18          to eligible students.

19          “(b) *GRANT AMOUNTS.*—The maximum amount of the  
20          grant that an eligible student shall be eligible to receive  
21          under this section shall be established by the State. The  
22          minimum amount of the grant for each fiscal year shall  
23          not be less than the lesser of—

24                  “(1) 75 percent of the average cost of attendance  
25                  for an in-State student, in a 4-year program of in-

1        *struction, at public institutions of higher education in*  
2        *such State, as determined in accordance with regula-*  
3        *tions prescribed by the Secretary; or*

4                *“(2) the maximum Federal Pell Grant funded*  
5        *under section 401 for such fiscal year.*

6        *“(c) RELATION TO OTHER ASSISTANCE.—Tuition as-*  
7        *sistance provided under this chapter shall not be considered*  
8        *for the purpose of awarding Federal grant assistance under*  
9        *this title, except that in no case shall the total amount of*  
10       *student financial assistance awarded to a student under*  
11       *this title exceed such student’s total cost of attendance.*

12       *“(d) ELIGIBLE STUDENTS.—A student eligible for as-*  
13       *sistance under this section is a student who—*

14                *“(1) is less than 22 years old at time of first*  
15       *grant award under this section;*

16                *“(2) receives a secondary school diploma or its*  
17       *recognized equivalent on or after January 1, 1993;*

18                *“(3) is enrolled or accepted for enrollment in a*  
19       *program of undergraduate instruction at an institu-*  
20       *tion of higher education that is located within the*  
21       *State’s boundaries, except that, at the State’s option,*  
22       *an eligible entity may offer grant program portability*  
23       *for recipients who attend institutions of higher edu-*  
24       *cation outside such State; and*

1           “(4) who participated in the early intervention  
2           component required under section 404C.

3           “(e) *PRIORITY*.—The Secretary shall ensure that each  
4           eligible entity places a priority on awarding scholarships  
5           to students who will receive a Federal Pell Grant for the  
6           academic year for which the scholarship is awarded under  
7           this section.

8           “(f) *SPECIAL RULE*.—An eligible entity may consider  
9           students who have successfully participated in programs  
10          funded under chapter 1 of this subpart to have met the re-  
11          quirements of subsection (d)(4).

12          **“SEC. 404E. 21ST CENTURY SCHOLAR CERTIFICATES.**

13          “(a) *AUTHORITY*.—The Secretary, using funds appro-  
14          priated under section 404G, not to exceed \$200,000 annu-  
15          ally—

16                  “(1) shall ensure that certificates, to be known as  
17                  21st Century Scholar Certificates, are provided to all  
18                  students participating in programs under this chap-  
19                  ter; and

20                  “(2) may, as practicable, ensure that such cer-  
21                  tificates are provided to all students in grades 6  
22                  through 12 who attend schools at which at least 50  
23                  percent of the students enrolled are eligible for a free  
24                  or reduced price lunch.

1       “(b) *INFORMATION REQUIRED.*—A 21st Century  
2 *Scholar Certificate shall be personalized for each student*  
3 *and indicate the amount of Federal financial aid for college*  
4 *which a student may be eligible to receive.*

5       **“SEC. 404F. EVALUATION AND REPORT.**

6       “(a) *EVALUATION.*—Each eligible entity receiving a  
7 *grant under this chapter shall biennially evaluate the early*  
8 *intervention program assisted under this chapter in accord-*  
9 *ance with the standards described in subsection (b) and*  
10 *shall submit to the Secretary a copy of such evaluation. The*  
11 *evaluation shall permit service providers to track eligible*  
12 *student progress during the period such students are par-*  
13 *ticipating in the program assisted under this section and*  
14 *shall be consistent with the standards developed by the Sec-*  
15 *retary pursuant to subsection (b).*

16       “(b) *EVALUATION STANDARDS.*—The Secretary shall  
17 *prescribe standards for the evaluation described in sub-*  
18 *section (a). Such standards shall—*

19               “(1) *provide for input from eligible entities and*  
20               *service providers; and*

21               “(2) *ensure that data protocols and procedures*  
22               *are consistent and uniform.*

23       “(c) *FEDERAL EVALUATION.*—In order to evaluate and  
24 *improve the impact of the program assisted under this*  
25 *chapter, the Secretary shall, with funds appropriated under*

1 *section 404G, make grants to, and enter into contracts and*  
2 *cooperative agreements with public and private institutions*  
3 *and organizations, to evaluate the effectiveness of the pro-*  
4 *gram and, as appropriate, disseminate the results of the*  
5 *evaluation.*

6 “(d) *REPORT.—The Secretary shall biennially report*  
7 *to Congress on the activities assisted under this chapter and*  
8 *the evaluations conducted pursuant to this section.*

9 **“SEC. 404G. APPROPRIATIONS.**

10 “*There are authorized to be appropriated to carry out*  
11 *this chapter \$200,000,000 for fiscal year 1999 and such*  
12 *sums as may be necessary for each of the 4 succeeding fiscal*  
13 *years.*”

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           “(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. Grant funds under this section may be  
25 used to provide before and after school services to the

1 *extent necessary to enable low-income students en-*  
2 *rolled at the institution of higher education to pursue*  
3 *postsecondary education.*

4 “(6) *CONSTRUCTION.*—*Nothing in this section*  
5 *shall be construed to prohibit an institution of higher*  
6 *education that receives grant funds under this section*  
7 *from serving the child care needs of the community*  
8 *served by the institution.*

9 “(7) *DEFINITION OF LOW-INCOME STUDENT.*—  
10 *For the purpose of this section, the term “low-income*  
11 *student” means a student who is eligible to receive a*  
12 *Federal Pell Grant for the fiscal year for which the*  
13 *determination is made.*

14 “(c) *APPLICATIONS.*—*An institution of higher edu-*  
15 *cation desiring a grant under this section shall submit an*  
16 *application to the Secretary at such time, in such manner,*  
17 *and accompanied by such information as the Secretary*  
18 *may require. Each application shall—*

19 “(1) *demonstrate that the institution is an eligi-*  
20 *ble institution described in subsection (b)(4);*

21 “(2) *specify the amount of funds requested;*

22 “(3) *demonstrate the need of low-income students*  
23 *at the institution for campus-based child care services*  
24 *by including in the application—*

1           “(A) information regarding student demo-  
2           graphics;

3           “(B) an assessment of child care capacity  
4           on or near campus;

5           “(C) information regarding the existence of  
6           waiting lists for existing child care;

7           “(D) information regarding additional  
8           needs created by concentrations of poverty or by  
9           geographic isolation; and

10          “(E) other relevant data;

11          “(4) contain a description of the activities to be  
12          assisted, including whether the grant funds will sup-  
13          port an existing child care program or a new child  
14          care program;

15          “(5) identify the resources, including technical  
16          expertise and financial support, the institution will  
17          draw upon to support the child care program and the  
18          participation of low-income students in the program,  
19          such as accessing social services funding, using stu-  
20          dent activity fees to help pay the costs of child care,  
21          using resources obtained by meeting the needs of par-  
22          ents who are not low-income students, and accessing  
23          foundation, corporate or other institutional support,  
24          and demonstrate that the use of the resources will not  
25          result in increases in student tuition;

1           “(6) contain an assurance that the institution  
2           will meet the child care needs of low-income students  
3           through the provision of services, or through a con-  
4           tract for the provision of services;

5           “(7) describe the extent to which the child care  
6           program will coordinate with the institution’s early  
7           childhood education curriculum, to the extent the cur-  
8           riculum is available, to meet the needs of the students  
9           in the early childhood education program at the insti-  
10          tution, and the needs of the parents and children par-  
11          ticipating in the child care program assisted under  
12          this section;

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

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

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

1           “(C) include a plan for identifying re-  
2           sources needed for the child care services, includ-  
3           ing space in which to provide child care services,  
4           and technical assistance if necessary;

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

9           “(10) contain a plan for any child care facility  
10          assisted under this section to become accredited with-  
11          in 3 years of the date the institution first receives as-  
12          sistance under this section.

13          “(d) *PRIORITY.*—The Secretary shall give priority in  
14          awarding grants under this section to institutions of higher  
15          education that submit applications describing programs  
16          that—

17                 “(1) leverage significant local or institutional re-  
18                 sources, including in-kind contributions, to support  
19                 the activities assisted under this section; and

20                 “(2) utilize a sliding fee scale for child care serv-  
21                 ices provided under this section in order to support  
22                 a high number of low-income parents pursuing post-  
23                 secondary education at the institution.

24          “(e) *REPORTING REQUIREMENTS; CONTINUING ELIGI-*  
25          *BILITY.*—

1           “(1) *REPORTING REQUIREMENTS.*—

2                   “(A) *REPORTS.*—*Each institution of higher*  
3                   *education receiving a grant under this section*  
4                   *shall report to the Secretary 18 months, and 36*  
5                   *months, after receiving the first grant payment*  
6                   *under this section.*

7                   “(B) *CONTENTS.*—*The report shall in-*  
8                   *clude—*

9                           “(i) *data on the population served*  
10                           *under this section;*

11                           “(ii) *information on campus and com-*  
12                           *munity resources and funding used to help*  
13                           *low-income students access child care serv-*  
14                           *ices;*

15                           “(iii) *information on progress made*  
16                           *toward accreditation of any child care facil-*  
17                           *ity; and*

18                           “(iv) *information on the impact of the*  
19                           *grant on the quality, availability, and af-*  
20                           *fordability of campus-based child care serv-*  
21                           *ices.*

22                   “(2) *CONTINUING ELIGIBILITY.*—*The Secretary*  
23                   *shall make the third annual grant payment under*  
24                   *this section to an institution of higher education only*  
25                   *if the Secretary determines, on the basis of the 18-*

1       *month report submitted under paragraph (1), that the*  
2       *institution is making a good faith effort to ensure*  
3       *that low-income students at the institution have ac-*  
4       *cess to affordable, quality child care services.*

5       “(f) *CONSTRUCTION.—No funds provided under this*  
6       *section shall be used for construction, except for minor ren-*  
7       *ovation or repair to meet applicable State or local health*  
8       *or safety requirements.*”

9       “(g) *AUTHORIZATION OF APPROPRIATIONS.—There*  
10       *are authorized to be appropriated to carry out this section*  
11       *\$60,000,000 for fiscal year 1999 and such sums as may be*  
12       *necessary for each of the 4 succeeding fiscal years.”.*

13       **SEC. 420. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.**

14       *Part A of title IV (20 U.S.C. 1070 et seq.) is amended*  
15       *further by adding at the end the following:*

16               **“Subpart 9—Learning Anytime Anywhere**  
17                               **Partnerships**

18       **“SEC. 420D. FINDINGS.**

19       *“Congress makes the following findings:*

20               “(1) *The nature of postsecondary education de-*  
21       *livery is changing, and new technology and other re-*  
22       *lated innovations can provide promising education*  
23       *opportunities for individuals who are currently not*  
24       *being served, particularly for individuals without*  
25       *easy access to traditional campus-based postsecondary*

1        *education or for whom traditional courses are a poor*  
2        *match with education or training needs.*

3            *“(2) Individuals, including individuals seeking*  
4        *basic or technical skills or their first postsecondary*  
5        *experience, individuals with disabilities, dislocated*  
6        *workers, individuals making the transition from wel-*  
7        *fare-to-work, and individuals who are limited by time*  
8        *and place constraints can benefit from nontradi-*  
9        *tional, noncampus-based postsecondary education op-*  
10       *portunities and appropriate support services.*

11           *“(3) The need for high-quality, nontraditional,*  
12        *technology-based education opportunities is great, as*  
13        *is the need for skill competency credentials and other*  
14        *measures of educational progress and attainment that*  
15        *are valid and widely accepted, but neither need is*  
16        *likely to be adequately addressed by the uncoordinated*  
17        *efforts of agencies and institutions acting independ-*  
18        *ently and without assistance.*

19           *“(4) Partnerships, consisting of institutions of*  
20        *higher education, community organizations, or other*  
21        *public or private agencies or organizations, can co-*  
22        *ordinate and combine institutional resources—*

23                    *“(A) to provide the needed variety of edu-*  
24                    *cation options to students; and*

1                   “(B) to develop new means of ensuring ac-  
2                   countability and quality for innovative edu-  
3                   cation methods.

4   **“SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.**

5                   “(a) *PURPOSE.*—It is the purpose of this subpart to  
6                   enhance the delivery, quality, and accountability of post-  
7                   secondary education and career-oriented lifelong learning  
8                   through technology and related innovations.

9                   “(b) *PROGRAM AUTHORIZED.*—

10                   “(1) *GRANTS.*—

11                   “(A) *IN GENERAL.*—The Secretary may,  
12                   from funds appropriated under section 420J  
13                   make grants to, or enter into contracts or cooper-  
14                   ative agreements with, eligible partnerships to  
15                   carry out the authorized activities described in  
16                   section 420G.

17                   “(B) *DURATION.*—Grants under this sub-  
18                   part shall be awarded for periods that do not ex-  
19                   ceed 5 years.

20                   “(2) *DEFINITION OF ELIGIBLE PARTNERSHIP.*—

21                   For purposes of this subpart, the term ‘eligible part-  
22                   nership’ means a partnership consisting of 2 or more  
23                   independent agencies, organizations, or institutions.  
24                   The agencies, organizations, or institutions may in-  
25                   clude institutions of higher education, community or-

1        *ganizations, and other public and private institu-*  
2        *tions, agencies, and organizations.*

3        **“SEC. 420F. APPLICATION.**

4        *“(a) REQUIREMENT.—An eligible partnership desiring*  
5        *to receive a grant under this subpart shall submit an appli-*  
6        *cation to the Secretary, in such form and containing such*  
7        *information, as the Secretary may require.*

8        *“(b) CONTENTS.—Each application shall include—*

9                *“(1) the name of each partner and a description*  
10              *of the responsibilities of the partner, including the*  
11              *designation of a nonprofit organization as the fiscal*  
12              *agent for the partnership;*

13              *“(2) a description of the need for the project, in-*  
14              *cluding a description of how the project will build on*  
15              *any existing services and activities;*

16              *“(3) a listing of human, financial (other than*  
17              *funds provided under this subpart), and other re-*  
18              *sources that each member of the partnership will con-*  
19              *tribute to the partnership, and a description of the ef-*  
20              *forts each member of the partnership will make in*  
21              *seeking additional resources; and*

22              *“(4) a description of how the project will oper-*  
23              *ate, including how funds awarded under this subpart*  
24              *will be used to meet the purpose of this subpart.*

1 **“SEC. 420G. AUTHORIZED ACTIVITIES.**

2 *“Funds awarded to an eligible partnership under this*  
3 *subpart shall be used to—*

4 *“(1) develop and assess model distance learning*  
5 *programs or innovative educational software;*

6 *“(2) develop methodologies for the identification*  
7 *and measurement of skill competencies;*

8 *“(3) develop and assess innovative student sup-*  
9 *port services; or*

10 *“(4) support other activities that are consistent*  
11 *with the purpose of this subpart.*

12 **“SEC. 420H. MATCHING REQUIREMENT.**

13 *“Federal funds shall provide not more than 50 percent*  
14 *of the cost of a project under this subpart. The non-Federal*  
15 *share of project costs may be in cash or in kind, fairly eval-*  
16 *uated, including services, supplies, or equipment.*

17 **“SEC. 420I. PEER REVIEW.**

18 *“The Secretary shall use a peer review process to re-*  
19 *view applications under this subpart and to make rec-*  
20 *ommendations for funding under this subpart to the Sec-*  
21 *retary.*

22 **“SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.**

23 *“There are authorized to be appropriated to carry out*  
24 *this subpart \$30,000,000 for fiscal year 1999 and such sums*  
25 *as may be necessary for each of the 4 succeeding fiscal*  
26 *years.”.*

1 **PART B—FEDERAL FAMILY EDUCATION LOAN**

2 **PROGRAM**

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

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

5 *(1) in subsection (c)—*

6 *(A) in paragraph (6)(B)(i), by striking*  
7 *“written” and inserting “written, electronic”;*  
8 *and*

9 *(B) in paragraph (7)(A), by striking “dur-*  
10 *ing the transition from the Federal Family Edu-*  
11 *cation Loan Program under this part to the Fed-*  
12 *eral Direct Student Loan Program under part D*  
13 *of this title”;*

14 *(2) in the matter preceding subparagraph (A) of*  
15 *subsection (g)(1), by striking “or the program author-*  
16 *ized by part D of this title” each place the term ap-*  
17 *pears; and*

18 *(3) by adding at the end the following:*

19 *“(i) ADDITIONAL RECALL OF RESERVES FOR FISCAL*  
20 *YEARS 1999, 2000, 2001, AND 2002.—*

21 *“(1) IN GENERAL.—Notwithstanding any other*  
22 *provision of law and subject to paragraph (4), the*  
23 *Secretary shall recall \$21,250,000 for each of the fis-*  
24 *cal years 1999, 2000, 2001, and 2002 from reserve*  
25 *funds held in the Federal Student Loan Reserve*

1 *Funds established under section 422A by guaranty*  
2 *agencies.*

3 “(2) *DEPOSIT.*—*Funds recalled by the Secretary*  
4 *under this subsection shall be deposited in the Treas-*  
5 *ury.*

6 “(3) *REQUIRED SHARE.*—*The Secretary shall re-*  
7 *quire each guaranty agency to return reserve funds*  
8 *under paragraph (1) annually on the basis of 1/4 of*  
9 *the agency’s required share. For purposes of this*  
10 *paragraph, a guaranty agency’s required share shall*  
11 *be determined as follows:*

12 “(A) *EQUAL PERCENTAGE.*—*The Secretary*  
13 *shall require each guaranty agency to return an*  
14 *equal percentage reduction in the amount of re-*  
15 *serve funds held by the agency on September 30,*  
16 *1996.*

17 “(B) *CALCULATION.*—*The equal percentage*  
18 *reduction shall be the percentage obtained by di-*  
19 *viding—*

20 “(i) *\$85,000,000, by*

21 “(ii) *the total amount of all guaranty*  
22 *agencies’ reserve funds held on September*  
23 *30, 1996.*

24 “(C) *SPECIAL RULE.*—*Notwithstanding sub-*  
25 *paragraphs (A) and (B), the percentage reduc-*

1           tion under subparagraph (B) shall not result in  
2           the depletion of the reserve funds of any agency  
3           which charges the 1.0 percent insurance pre-  
4           mium pursuant to section 428(b)(1)(H) below an  
5           amount equal to the amount of lender claim pay-  
6           ments paid 90 days prior to the date of the re-  
7           turn under this subsection. If any additional  
8           amount is required to be returned after deduct-  
9           ing the total of the required shares under sub-  
10          paragraph (B) and as a result of the preceding  
11          sentence, such additional amount shall be ob-  
12          tained by imposing on each guaranty agency to  
13          which the preceding sentence does not apply, an  
14          equal percentage reduction in the amount of the  
15          agency's remaining reserve funds.

16           “(4) *OFFSET OF REQUIRED SHARES.*—If any  
17          guaranty agency returns to the Secretary any reserve  
18          funds in excess of the amount required under this sub-  
19          section or subsection (h), the total amount required to  
20          be returned under paragraph (1) shall be reduced by  
21          the amount of such excess reserve funds returned.

22           “(5) *DEFINITION OF RESERVE FUNDS.*—The term  
23          ‘reserve funds’ when used with respect to a guaranty  
24          agency—

1           “(A) includes any reserve funds in cash or  
2           liquid assets held by the guaranty agency, or  
3           held by, or under the control of, any other entity;  
4           and

5           “(B) does not include buildings, equipment,  
6           or other nonliquid assets.

7           “(j) *ADDITIONAL RECALL OF RESERVES ON SEPTEMBER 1, 2007.*—

9           “(1) *IN GENERAL.*—Notwithstanding any other  
10          provision of law and subject to paragraph (4), the  
11          Secretary shall recall, on September 1, 2007,  
12          \$165,000,000 from reserve funds held in the Federal  
13          Student Loan Reserve Funds established under section  
14          422A by guaranty agencies.

15          “(2) *DEPOSIT.*—Funds recalled by the Secretary  
16          under this subsection shall be deposited in the Treas-  
17          ury.

18          “(3) *EQUAL PERCENTAGE REDUCTION.*—The Sec-  
19          retary shall require each guaranty agency to return  
20          reserve funds under paragraph (1) by requiring an  
21          equal percentage reduction in the amount of reserve  
22          funds held by the agency on September 30, 1996.

23          “(4) *OFFSET OF REQUIRED SHARES.*—If any  
24          guaranty agency returns to the Secretary any reserve  
25          funds in excess of the amount required under this sub-

1        *section, subsection (h), or subsection (i), the total*  
2        *amount required to be returned under paragraph (1)*  
3        *shall be reduced by the amount of such excess reserve*  
4        *funds returned.*

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

8                *“(A) includes any reserve funds in cash or*  
9                *liquid assets held by the guaranty agency, or*  
10              *held by, or under the control of, any other entity;*  
11              *and*

12              *“(B) does not include buildings, equipment,*  
13              *or other nonliquid assets.”.*

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

15        *Part B of title IV (20 U.S.C. 1071 et seq.) is amended*  
16        *by inserting after section 422 (20 U.S.C. 1072) the follow-*  
17        *ing:*

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

19              *“(a) ESTABLISHMENT.—Each guaranty agency shall,*  
20        *not later than 45 days after the date of enactment of this*  
21        *section, deposit all funds, securities, and other liquid assets*  
22        *contained in the reserve fund established pursuant to sec-*  
23        *tion 422 into a Federal Student Loan Reserve Fund (in*  
24        *this section referred to as the ‘Federal Fund’), in an account*

1 of a type selected by the agency, with the approval of the  
2 Secretary.

3 “(b) *INVESTMENT OF FUNDS.*—Funds transferred to  
4 the Federal Fund shall be invested in obligations issued or  
5 guaranteed by the United States or a State, or in other  
6 similarly low-risk securities selected by the guaranty agen-  
7 cy, with the approval of the Secretary. Earnings from the  
8 Federal Fund shall be the sole property of the Federal Gov-  
9 ernment.

10 “(c) *ADDITIONAL DEPOSITS.*—After the establishment  
11 of the Federal Fund, a guaranty agency shall deposit into  
12 the Federal Fund—

13 “(1) all amounts received from the Secretary as  
14 payment of reinsurance on loans pursuant to section  
15 428(c)(1);

16 “(2) from amounts collected on behalf of the obli-  
17 gation of a defaulted borrower, a percentage amount  
18 equal to the complement of the reinsurance percentage  
19 in effect when payment under the guaranty agreement  
20 was made with respect to the defaulted loan pursuant  
21 to section 428(c)(6)(A); and

22 “(3) the amount of the insurance premium col-  
23 lected from borrowers pursuant to section  
24 428(b)(1)(H).

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

3               “(1) to pay lender claims pursuant to sections  
4       428(b)(1)(G), 428(j), 437, and 439(q); and

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

8       “(e) *OWNERSHIP OF FEDERAL FUND.*—The *Federal*  
9 *Fund*, and any nonliquid asset (such as a building or  
10 equipment) developed or purchased by the guaranty agency  
11 in whole or in part with Federal reserve funds, regardless  
12 of who holds or controls the Federal reserve funds or such  
13 asset, shall be considered to be the property of the United  
14 States, prorated based on the percentage of such asset devel-  
15 oped or purchased with Federal reserve funds, which prop-  
16 erty shall be used in the operation of the program author-  
17 ized by the part, as provided in subsection (d). The Sec-  
18 retary may restrict or regulate the use of such asset only  
19 to the extent necessary to reasonably protect the Secretary’s  
20 prorated share of the value of such asset. The Secretary may  
21 direct a guaranty agency, or such agency’s officers or direc-  
22 tors, to cease any activity involving expenditures, use, or  
23 transfer of the *Federal Fund* administered by the guaranty  
24 agency that the Secretary determines is a misapplication,

1 *misuse, or improper expenditures of the Federal fund or the*  
2 *Secretary's share of such asset.*

3 “(f) *TRANSITION.*—

4 “(1) *IN GENERAL.*—*In order to establish the*  
5 *Agency Operating Fund established by section 422B,*  
6 *each agency may transfer not more than 180 days*  
7 *cash expenses for normal operating expenses, as a*  
8 *working capital reserve as defined in Office of Man-*  
9 *agement and Budget Circular A-87 (Cost Accounting*  
10 *Standards) for use in the performance of the agency's*  
11 *duties under this part. Such transfers may occur dur-*  
12 *ing the first 3 years following the establishment of the*  
13 *Agency Operating Fund, except that no agency may*  
14 *transfer in excess of 40 percent of the Federal Fund*  
15 *balance to the agency's Agency Operating Fund dur-*  
16 *ing any fiscal year. In determining the amount nec-*  
17 *essary for transfer, the agency shall assure that suffi-*  
18 *cient funds remain in the Federal Fund to pay lender*  
19 *claims within the required time periods and to meet*  
20 *the reserve funds recall requirements of subsection (b).*

21 “(2) *REPAYMENT PROVISIONS.*—*Each guaranty*  
22 *agency shall begin repayment of sums transferred*  
23 *pursuant to this subsection not later than 3 years*  
24 *after the establishment of the Agency Operating Fund,*  
25 *and shall repay all sums transferred not later than*

1     5 years from the date of the establishment of the  
2     Agency Operating Fund. The guaranty agency shall  
3     provide to the Secretary a schedule for repayment of  
4     the sums transferred and an annual financial analy-  
5     sis demonstrating the agency's ability to comply with  
6     the schedule and repay all outstanding sums trans-  
7     ferred.

8             “(3) PROHIBITION.—If a guaranty agency trans-  
9     fers funds from the Federal Fund in accordance with  
10    this section, and fails to make scheduled repayments  
11    to the Federal Fund, the agency may not receive any  
12    other funds under this part until the Secretary deter-  
13    mines that the agency has made such repayments.  
14    The Secretary shall pay to the guaranty agency any  
15    funds withheld in accordance with this paragraph  
16    immediately upon making the determination that the  
17    guaranty agency has made all such repayments.

18            “(4) WAIVER.—The Secretary may waive the re-  
19    quirements of paragraph (3) for a guaranty agency  
20    described in such paragraph if the Secretary deter-  
21    mines there are extenuating circumstances beyond the  
22    control of the agency that justify such a waiver.

23            “(5) INVESTMENT OF FEDERAL FUNDS.—Funds  
24    transferred from the Federal Fund to the Agency Op-  
25    erating Fund for operating expenses shall be invested

1        *in obligations issued or guaranteed by the United*  
2        *States or a State, or in other similarly low-risk secu-*  
3        *rities selected by the guaranty agency, with the ap-*  
4        *proval of the Secretary.*

5                *“(6) SPECIAL RULE.—In applying the minimum*  
6        *reserve level required by section 428(c)(9)(A), the Sec-*  
7        *retary shall include all amounts owed to the Federal*  
8        *Fund by the guaranty agency in the calculation.”.*

9        **SEC. 423. AGENCY OPERATING FUND.**

10        *Part B of title IV (20 U.S.C. 1071 et seq.) is amended*  
11        *further by inserting after section 422A (as added by section*  
12        *422) the following:*

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

14                *“(a) ESTABLISHMENT.—Each guaranty agency shall,*  
15        *not later than 45 days after the date of enactment of this*  
16        *section, establish a fund designated as the Agency Operating*  
17        *Fund (in this section referred to as the ‘Operating Fund’).*

18                *“(b) INVESTMENT OF FUNDS.—Funds deposited into*  
19        *the Operating Fund, with the exception of funds transferred*  
20        *from the Federal Student Loan Reserve Fund pursuant to*  
21        *section 422A(f), shall be invested at the discretion of the*  
22        *guaranty agency.*

23                *“(c) ADDITIONAL DEPOSITS.—After the establishment*  
24        *of the Operating Fund, the guaranty agency shall deposit*  
25        *into the Operating Fund—*

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

3           “(2) administrative cost allowances paid under  
4           section 458, as such section was in effect on the day  
5           preceding the date of enactment of the Higher Edu-  
6           cation Amendments of 1998, and the portfolio mainte-  
7           nance fee paid by the Secretary in accordance with  
8           section 458;

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

11          “(4) amounts remaining pursuant to section  
12          428(c)(6)(B) from collection on defaulted loans held  
13          by the agency, after payment of the Secretary’s equi-  
14          table share, excluding amounts deposited in the Fed-  
15          eral Student Loan Reserve Fund pursuant to section  
16          422A(c)(2).

17          “(d) USES OF FUNDS.—

18                 “(1) IN GENERAL.—Funds in the Operating  
19                 Fund shall be used for application processing, loan  
20                 disbursement, enrollment and repayment status man-  
21                 agement, default prevention activities (including those  
22                 described in section 422(h)(8), default collection ac-  
23                 tivities, school and lender training, compliance mon-  
24                 itoring, and other student financial aid related ac-  
25                 tivities as determined by the Secretary.

1           “(2) *SPECIAL RULE.*—*The guaranty agency*  
2           *may, in the agency’s discretion, transfer funds from*  
3           *the Operating Fund to the Federal Student Loan Re-*  
4           *serve Fund for use pursuant to section 422A. Such*  
5           *transfer shall be irrevocable, and any funds so trans-*  
6           *ferred shall become the sole property of the United*  
7           *States.*

8           “(3) *DEFINITIONS.*—*For purposes of this sub-*  
9           *section:*

10           “(A) *DEFAULT COLLECTION ACTIVITIES.*—  
11           *The term ‘default collection activities’ means ac-*  
12           *tivities of a guaranty agency that are directly*  
13           *related to the collection of the loan on which a*  
14           *default claim has been paid to the participating*  
15           *lender, including the attributable compensation*  
16           *of collection personnel (and in the case of person-*  
17           *nel who perform several functions for such an*  
18           *agency only the portion of the compensation at-*  
19           *tributable to the collection activity), attorney’s*  
20           *fees, fees paid to collection agencies, postage,*  
21           *equipment, supplies, telephone, and similar*  
22           *charges.*

23           “(B) *DEFAULT PREVENTION ACTIVITIES.*—  
24           *The term ‘default prevention activities’ means*  
25           *activities of a guaranty agency, including those*

1           *described in section 422(h)(8), that are directly*  
2           *related to providing collection assistance to the*  
3           *lender on a delinquent loan, prior to the loan's*  
4           *being in a default status, including the attrib-*  
5           *utable compensation of appropriate personnel*  
6           *(and in the case of personnel who perform sev-*  
7           *eral functions for such an agency only the por-*  
8           *tion of compensation attributable to the default*  
9           *prevention activity), fees paid to locate a miss-*  
10          *ing borrower, postage, equipment, supplies, tele-*  
11          *phone, and similar charges.*

12           “(C) *ENROLLMENT AND REPAYMENT STATUS*  
13          *MANAGEMENT.—The term ‘enrollment and repay-*  
14          *ment status management’ means activities of a*  
15          *guaranty agency that are directly related to*  
16          *ascertaining the student’s enrollment status, in-*  
17          *cluding prompt notification to the lender of such*  
18          *status, an audit of the note or written agreement*  
19          *to determine if the provisions of that note or*  
20          *agreement are consistent with the records of the*  
21          *guaranty agency as to the principal amount of*  
22          *the loan guaranteed, and an examination of the*  
23          *note or agreement to assure that the repayment*  
24          *provisions are consistent with the provisions of*  
25          *this title.*

1       “(e) *OWNERSHIP OF OPERATING FUND.*—The Operat-  
2     ing Fund, with the exception of funds transferred from the  
3     Federal Student Loan Reserve Fund in accordance with  
4     section 422A(f), shall be considered to be the property of  
5     the guaranty agency. The Secretary may not regulate the  
6     uses or expenditure of moneys in the Operating Fund, but  
7     the Secretary may require such necessary reports and au-  
8     dits as provided in section 428(b)(2). However, during any  
9     period in which funds are owed to the Federal Student  
10    Loan Reserve Fund as a result of transfer under section  
11    422A(f), moneys in the Operating Fund may only be used  
12    for expenses related to the student loan programs authorized  
13    under this part.”.

14    **SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSUR-**  
15                                    **ANCE PROGRAM.**

16       Section 424(a) (20 U.S.C. 1074(a)) is amended—

17               (1) by striking “October 1, 2002” and inserting  
18       “October 1, 2004”; and

19               (2) by striking “September 30, 2006” and insert-  
20       ing “September 30, 2008”.

21    **SEC. 425. APPLICABLE INTEREST RATES.**

22       (a) *APPLICABLE INTEREST RATES.*—

23               (1) *AMENDMENT.*—Section 427A (20 U.S.C.  
24       1077a et seq.) is amended by amending subsection (j)  
25       to read as follows:

1       “(j) *INTEREST RATES FOR NEW LOANS ON OR AFTER*  
2 *OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—*

3               “(1) *IN GENERAL.—Notwithstanding subsection*  
4 *(h) and subject to paragraph (2), with respect to any*  
5 *loan made, insured, or guaranteed under this part*  
6 *(other than a loan made pursuant to section 428B or*  
7 *428C) for which the first disbursement is made on or*  
8 *after October 1, 1998, and before July 1, 2003, the*  
9 *applicable rate of interest shall, during any 12-month*  
10 *period beginning on July 1 and ending on June 30,*  
11 *be determined on the preceding June 1 and be equal*  
12 *to—*

13                       “(A) *the bond equivalent rate of 91-day*  
14 *Treasury bills auctioned at the final auction held*  
15 *prior to such June 1; plus*

16                       “(B) *2.3 percent,*  
17 *except that such rate shall not exceed 8.25 percent.*

18               “(2) *IN SCHOOL AND GRACE PERIOD RULES.—*  
19 *Notwithstanding subsection (h), with respect to any*  
20 *loan under this part (other than a loan made pursu-*  
21 *ant to section 428B or 428C) for which the first dis-*  
22 *bursement is made on or after October 1, 1998, and*  
23 *before July 1, 2003, the applicable rate of interest for*  
24 *interest which accrues—*

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

3           “(B) during the period in which principal  
4           need not be paid (whether or not such principal  
5           is in fact paid) by reason of a provision de-  
6           scribed in section 428(b)(1)(M) or 427(a)(2)(C),  
7           shall be determined under paragraph (1) by substitut-  
8           ing ‘1.7 percent’ for ‘2.3 percent’.

9           “(3) PLUS LOANS.—Notwithstanding subsection  
10          (h), with respect to any loan under section 428B for  
11          which the first disbursement is made on or after Octo-  
12          ber 1, 1998, and before July 1, 2003, the applicable  
13          rate of interest shall be determined under paragraph  
14          (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) CONSULTATION.—The Secretary shall deter-  
20          mine the applicable rate 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 deter-  
24          mination.”.

1           (2)       *CONFORMING AMENDMENT.*—Section  
2       428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by  
3       striking “section 427A(c)” and inserting “section  
4       427A(j)(3)”.

5       (b) *SPECIAL ALLOWANCES.*

6           (1) *AMENDMENT.*—Section 438(b)(2)(G) (20  
7       U.S.C. 1087–1(b)(2)(G)) is amended to read as fol-  
8       lows:

9                       “(G) *LOANS DISBURSED BETWEEN OCTOBER*  
10                      *1, 1998, AND BEFORE JULY 1, 2003.*—

11                     “(i) *IN GENERAL.*—Subject to para-  
12                     graph (4) and clauses (ii), (iii), and (iv) of  
13                     this subparagraph, and except as provided  
14                     in subparagraph (B), the special allowance  
15                     paid pursuant to this subsection on loans  
16                     for which the first disbursement is made on  
17                     or after October 1, 1998, and before July 1,  
18                     2003, shall be computed—

19                     “(I) by determining the average of the  
20                     bond equivalent rates of 91-day Treasury  
21                     bills auctioned for such 3-month period;

22                     “(II) by subtracting the applicable in-  
23                     terest rates on such loans from such average  
24                     bond equivalent rate;

1                   “(III) by adding 2.8 percent to the re-  
2                   sultant percent; and

3                   “(IV) by dividing the resultant percent  
4                   by 4.

5                   “(i) *IN SCHOOL AND GRACE PERIOD.*—*In*  
6                   *the case of any loan for which the first disburse-*  
7                   *ment is made on or after October 1, 1998, and*  
8                   *before July 1, 2003, and for which the applicable*  
9                   *rate of interest is described in section 427A(j)(2),*  
10                  *clause (i)(III) of this subparagraph shall be ap-*  
11                  *plied by substituting ‘2.2 percent’ for ‘2.8 per-*  
12                  *cent’.*

13                  “(iii) *PLUS LOANS.*—*In the case of any*  
14                  *loan for which the first disbursement is made on*  
15                  *or after October 1, 1998, and before July 1,*  
16                  *2003, and for which the applicable rate of inter-*  
17                  *est is described in section 427A(j)(3), clause*  
18                  *(i)(III) of this subparagraph shall be applied by*  
19                  *substituting ‘3.1 percent’ for ‘2.8 percent’, subject*  
20                  *to clause (iv) of this subparagraph.*

21                  “(iv) *LIMITATION ON SPECIAL ALLOWANCES*  
22                  *FOR PLUS LOANS.*—*In the case of loans disbursed*  
23                  *on or after October 1, 1998, and before July 1,*  
24                  *2003, for which the interest rate is determined*  
25                  *under section 427A(j)(3), a special allowance*

1           *shall not be paid for a loan made under section*  
2           *428B unless the rate determined for any 12-*  
3           *month period under section 427A(j)(3) exceeds 9*  
4           *percent.”.*

5           (2)       *CONFORMING        AMENDMENT.—Section*  
6           *438(b)(2)(C)(ii) is amended by striking “In the case”*  
7           *and inserting “Subject to subparagraph (G), in the*  
8           *case”.*

9           (c) *EFFECTIVE DATE.—The amendments made by this*  
10          *section shall apply with respect to any loan made, insured,*  
11          *or guaranteed under part B of title IV of the Higher Edu-*  
12          *cation Act of 1965 for which the first disbursement is made*  
13          *on or after October 1, 1998, and before July 1, 2003.*

14       **SEC. 426. FEDERAL PAYMENTS TO REDUCE STUDENT IN-**  
15                               **TEREST COSTS.**

16          (a) *FEDERAL INTEREST SUBSIDIES.—Section 428(a)*  
17          *(20 U.S.C. 1078(a)) is amended—*

18               (1) *in paragraph (2)—*

19                       (A) *in subparagraph (A)—*

20                               (i) *in clause (i), by striking subclauses*  
21                               *(I), (II), and (III) and inserting the follow-*  
22                               *ing:*

23                                       *“(I) sets forth the loan amount for*  
24                                       *which the student shows financial need; and*

1           “(II) sets forth a schedule for disburse-  
2           ment of the proceeds of the loan in install-  
3           ments, consistent with the requirements of  
4           section 428G; and”;

5           (ii) by amending clause (ii) to read as  
6           follows:

7           “(ii) meets the requirements of subpara-  
8           graph (B); and”;

9           (B) by amending subparagraph (B) to read  
10          as follows:

11          “(B) For the purpose of clause (ii) of subpara-  
12          graph (A), a student shall qualify for a portion of an  
13          interest payment under paragraph (1) (and a loan  
14          amount pursuant to section 428H) if the eligible in-  
15          stitution has determined and documented the stu-  
16          dent’s amount of need for a loan based on the stu-  
17          dent’s estimated cost of attendance, estimated finan-  
18          cial assistance, and, for the purpose of an interest  
19          payment pursuant to this section, the expected family  
20          contribution (as determined under part F), subject to  
21          the provisions of subparagraph (D).”;

22          (C) by amending subparagraph (C) to read  
23          as follows:

24          “(C) For the purpose of subparagraph (B) and  
25          this paragraph—

1           “(i) a student’s cost of attendance shall be  
2           determined under section 472;

3           “(ii) a student’s estimated financial assist-  
4           ance means, for the period for which the loan is  
5           sought, the amount of assistance such student  
6           will receive under subpart 1 of part A (as deter-  
7           mined in accordance with section 484(b)), sub-  
8           part 3 of part A, parts C and E, and any veter-  
9           ans’ education benefits paid because of enroll-  
10          ment in a postsecondary education institution,  
11          including veterans’ education benefits (as defined  
12          in section 480(c)), plus other scholarship, grant,  
13          or loan assistance; and

14          “(iii) the determination of need and of the  
15          amount of a loan by an eligible institution  
16          under subparagraph (B) with respect to a stu-  
17          dent shall, with the exception of loans made  
18          under section 428H, be calculated in accordance  
19          with part F.”; and

20                 (D) by striking subparagraph (F);

21                 (2) in paragraph (3)(A)(v)—

22                         (A) in subclause (I), by inserting “by the  
23                         institution” after “disbursement”; and

24                         (B) in clause (II), by inserting “by the in-  
25                         stitution” after “disbursement”; and

1           (3) *in paragraph (5)—*

2                   (A) *by striking “September 30, 2002” and*  
3                   *inserting “September 30, 2004”; and*

4                   (B) *by striking “September 30, 2006” and*  
5                   *inserting “September 30, 2008”.*

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 program,*  
25   *and \$5,500 for coursework necessary*

1           *for enrollment in a graduate or profes-*  
2           *sional degree or certification program;*  
3           *and*

4                   “(II) \$5,500 for coursework nec-

5           *essary for a professional credential or*  
6           *certification from a State required for*  
7           *employment as a teacher in an elemen-*  
8           *tary or secondary school;”;*

9           *(B) by amending subparagraph (E) to read*  
10          *as follows:*

11                   “(E) subject to subparagraphs (D) and (L),  
12          *and except as provided by subparagraph (M),*  
13          *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, the*  
19          *option of repaying the loan in accordance*  
20          *with a graduated, income-sensitive, or ex-*  
21          *tended repayment schedule (as described in*  
22          *paragraph (9)) established by the lender in*  
23          *accordance with regulations provided by the*  
24          *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) and  
4           commencing at the beginning of the repay-  
5           ment period determined under paragraph  
6           (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) or  
10          (iii) of paragraph (9)(A),” before “during any”;  
11          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 (except that each lender described  
16          in section 435(d)(1)(A)(ii)(III) shall annually  
17          submit the results of an audit required by this  
18          clause),” before “at least once a year”;

19          (2) in paragraph (7), by adding at the end the  
20          following:

21                 “(D) There shall be excluded from the 6-month  
22                 period that begins on the date on which a student  
23                 ceases to carry at least one-half the normal full-time  
24                 academic workload as described in subparagraph  
25                 (A)(i) any period not to exceed 3 years during which

1        *a borrower who is a member of a reserve component*  
2        *of the Armed Forces named in section 10101 of title*  
3        *10, United States Code, is called or ordered to active*  
4        *duty for a period of more than 30 days (as defined*  
5        *in section 101(d)(2) of such title). Such period of ex-*  
6        *clusion shall include the period necessary to resume*  
7        *enrollment at the borrower's next available regular*  
8        *enrollment period.”; and*

9                *(3) by adding at the end the following:*

10              *“(9) REPAYMENT PLANS.—*

11                        *“(A) DESIGN AND SELECTION.—In accord-*  
12                        *ance with regulations promulgated by the Sec-*  
13                        *retary, the lender shall offer a borrower of a loan*  
14                        *made under this part the plans described in this*  
15                        *subparagraph for repayment of such loan, in-*  
16                        *cluding principal and interest thereon. Except as*  
17                        *provided in paragraph (1)(L)(i), no plan may*  
18                        *require a borrower to repay a loan in less than*  
19                        *5 years. The borrower may choose from—*

20                                *“(i) a standard repayment plan, with*  
21                                *a fixed annual repayment amount paid*  
22                                *over a fixed period of time, not to exceed 10*  
23                                *years;*

1           “(ii) a graduated repayment plan paid  
2           over a fixed period of time, not to exceed 10  
3           years;

4           “(iii) an income-sensitive repayment  
5           plan, with income-sensitive repayment  
6           amounts paid over a fixed period of time,  
7           not to exceed 10 years, except that the bor-  
8           rower’s scheduled payments shall not be less  
9           than the amount of interest due; and

10           “(iv) for first-time borrowers on or  
11           after the date of enactment of the Higher  
12           Education Amendments of 1998 with out-  
13           standing loans under this part totaling  
14           more than \$30,000, an extended repayment  
15           plan, with a fixed annual or graduated re-  
16           payment amount paid over an extended pe-  
17           riod of time, not to exceed 25 years, except  
18           that the borrower shall repay annually a  
19           minimum amount determined in accord-  
20           ance with paragraph (2)(L).

21           “(B) LENDER SELECTION OF OPTION IF  
22           BORROWER DOES NOT SELECT.—If a borrower of  
23           a loan made under this part does not select a re-  
24           payment plan described in subparagraph (A),

1           *the lender shall provide the borrower with a re-*  
 2           *payment plan described in subparagraph (A)(i).*

3           “(C) *CHANGES IN SELECTION.*—*The bor-*  
 4           *rower of a loan made under this part may*  
 5           *change the borrower’s selection of a repayment*  
 6           *plan under subparagraph (B), as the case may*  
 7           *be, under such conditions as may be prescribed*  
 8           *by the Secretary in regulation.*

9           “(D) *ACCELERATION PERMITTED.*—*Under*  
 10           *any of the plans described in this paragraph, the*  
 11           *borrower shall be entitled to accelerate, without*  
 12           *penalty, repayment on the borrower’s loans*  
 13           *under this part.”.*

14           (c) *GUARANTY AGREEMENTS FOR REIMBURSING*  
 15 *LOSSES.*—*Section 428(c) (20 U.S.C. 1078(c)) is amended—*

16           (1) *in paragraph (1)—*

17           (A) *in the fourth sentence of subparagraph*  
 18           (A), *by striking “as reimbursement under this*  
 19           *subsection shall be equal to 98 percent” and in-*  
 20           *serting “as reimbursement for loans for which*  
 21           *the first disbursement is made on or after the*  
 22           *date of enactment of the Higher Education*  
 23           *Amendments of 1998 shall be equal to 95 per-*  
 24           *cent”;*

25           (B) *in subparagraph (B)—*

1           *(i) in clause (i), by striking “88 per-*  
2           *cent of the amount of such excess” and in-*  
3           *serting “85 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”; and*

8           *(ii) in clause (ii), by striking “78 per-*  
9           *cent of the amount of such excess” and in-*  
10          *serting “75 percent of the amount of such*  
11          *excess for loans for which the first disburse-*  
12          *ment is made on or after the date of enact-*  
13          *ment of the Higher Education Amendments*  
14          *of 1998”;*

15          *(C) in subparagraph (E)—*

16           *(i) in clause (i), by striking “98 per-*  
17           *cent” and inserting “95 percent”;*

18           *(ii) in clause (ii), by striking “88 per-*  
19           *cent” and inserting “85 percent”; and*

20           *(iii) in clause (iii), by striking “78*  
21           *percent” and inserting “75 percent”; and*

22          *(D) in subparagraph (F)—*

23           *(i) in clause (i), by striking “98 per-*  
24           *cent” and inserting “95 percent”; and*

1                   (ii) in clause (ii), by striking “88 per-  
2                   cent” and inserting “85 percent”;

3                   (2) in paragraph (2)—

4                   (A) in subparagraph (A), by striking “proof  
5                   that reasonable attempts were made” and insert-  
6                   ing “proof that the institution was contacted and  
7                   other reasonable attempts were made”; and

8                   (B) in subparagraph (G), by striking “cer-  
9                   tifies to the Secretary that diligent attempts have  
10                  been made” and inserting “certifies to the Sec-  
11                  retary that diligent attempts, including contact  
12                  with the institution, have been made”.

13                  (3) in paragraph (3)—

14                  (A) in subparagraph (A)(i), by inserting  
15                  “or electronic” after “written”;

16                  (B) in subparagraph (B), by striking “and”  
17                  after the semicolon;

18                  (C) in subparagraph (C), by striking the  
19                  period and inserting “; and”; and

20                  (D) by inserting before the matter following  
21                  subparagraph (C) the following:

22                         “(D) shall contain provisions that specify  
23                         that forbearance for a period not to exceed 60  
24                         days may be granted if the lender determines  
25                         that such a suspension of collection activity is

1           warranted following a borrower's request for for-  
2           bearance in order to collect or process appro-  
3           priate supporting documentation related to the  
4           request, and that during such period interest  
5           shall not be capitalized.”;

6           (4) by amending paragraph (6) to read as fol-  
7           lows:

8           “(6) *SECRETARY'S EQUITABLE SHARE.*—For the  
9           purpose of paragraph (2)(D), the Secretary's equitable  
10          share of payments made by the borrower shall be that  
11          portion of the payments remaining after the guaranty  
12          agency with which the Secretary has an agreement  
13          under this subsection has deducted from such pay-  
14          ments—

15                 “(A) a percentage amount equal to the com-  
16                 plement of the reinsurance percentage in effect  
17                 when payment under the guaranty agreement  
18                 was made with respect to the loan; and

19                 “(B) an amount equal to 24 percent of such  
20                 payments for use in accordance with section  
21                 422B, except that, beginning on September 30,  
22                 2003, this subparagraph shall be applied by sub-  
23                 stituting ‘23 percent’ for ‘24 percent.’”;

24          (5) in paragraph (8)—

1                   (A) by striking “(A) If” and inserting “If”;

2                   and

3                   (B) by striking subparagraph (B); and

4                   (6) in paragraph (9)—

5                   (A) in subparagraph (A), by striking

6                   “maintain a current minimum reserve level of at

7                   least .5 percent” and inserting “maintain in the

8                   agency’s Federal Student Loan Reserve Fund es-

9                   tablished under section 422A a current mini-

10                  mum reserve level of at least 0.25 percent”;

11                  (B) in subparagraph (C)—

12                   (i) by striking “80 percent” and in-

13                   serting “78 percent”;

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

15                   and

16                   (iii) by striking “30 working” and in-

17                   serting “45 working”;

18                  (C) in subparagraph (E)—

19                   (i) in clause (iv), by inserting “or”

20                   after the semicolon;

21                   (ii) in clause (v), by striking “; or”

22                   and inserting a period; and

23                   (iii) by striking clause (vi);

24                  (D) in subparagraph (F), by amending

25                  clause (vii) to read as follows:

1           “(vii) take any other action the Secretary  
2 determines necessary to avoid disruption of the  
3 student loan program, to ensure the continued  
4 availability of loans made under this part to  
5 residents of each State in which the guaranty  
6 agency did business, to ensure the full honoring  
7 of all guarantees issued by the guaranty agency  
8 prior to the Secretary’s assumption of the func-  
9 tions of such agency, and to ensure the proper  
10 servicing of loans guaranteed by the guaranty  
11 agency prior to the Secretary’s assumption of the  
12 functions of such agency.”; and

13           (E) in subparagraph (K), by striking “and  
14 the progress of the transition from the loan pro-  
15 grams under this part to the direct student loan  
16 programs under part D of this title”.

17       (d) *PAYMENT FOR LENDER REFERRAL SERVICES.*—

18 *Subsection (e) of section 428 (20 U.S.C. 1078) is repealed.*

19       (e) *PAYMENT OF CERTAIN COSTS.*—*Subsection (f) of*  
20 *section 428 (20 U.S.C. 1078) is amended to read as follows:*

21       “(f) *PAYMENTS OF CERTAIN COSTS.*—

22           “(1) *PAYMENT FOR CERTAIN ACTIVITIES.*—

23               “(A) *IN GENERAL.*—*The Secretary—*

24                   “(i) *for loans originated on or after*  
25                   *October 1, 1998, and before October 1, 2003,*

1           *and in accordance with the provisions of*  
2           *this paragraph, shall pay to each guaranty*  
3           *agency, a loan processing and issuance fee*  
4           *equal to 0.65 percent of the total principal*  
5           *amount of the loans on which insurance*  
6           *was issued under this part during such fis-*  
7           *cal year by such agency; and*

8           *“(ii) for loans originated on or after*  
9           *October 1, 2003, and in accordance with the*  
10          *provisions of this paragraph, shall pay to*  
11          *each guaranty agency, a loan processing*  
12          *and issuance fee equal to 0.40 percent of the*  
13          *total principal amount of the loans on*  
14          *which insurance was issued under this part*  
15          *during such fiscal year by such agency.*

16          *“(B) PAYMENT.—The payment required by*  
17          *subparagraph (A) shall be paid on a quarterly*  
18          *basis. The guaranty agency shall be deemed to*  
19          *have a contractual right against the United*  
20          *States to receive payments according to the pro-*  
21          *visions of this subparagraph. Payments shall be*  
22          *made promptly and without administrative*  
23          *delay to any guaranty agency submitting an ac-*  
24          *curate and complete application therefore under*  
25          *this subparagraph.”.*

1       (f) *LENDERS-OF-LAST-RESORT.*—Paragraph (3) of  
2 section 428(j) (20 U.S.C. 1078(j)) is amended—

3           (1) in the paragraph heading, by striking “*DUR-*  
4 *ING TRANSITION TO DIRECT LENDING*”; and

5           (2) in subparagraph (A), by striking “*during the*  
6 *transition from the Federal Family Education Loan*  
7 *Program under this part to the Federal Direct Stu-*  
8 *dent Loan Program under part D of this title*”;

9       (g) *DEFAULT AVERSION ASSISTANCE.*—Subsection (l)  
10 of section 428 (20 U.S.C. 1078) is amended to read as fol-  
11 lows:

12       “(l) *DEFAULT AVERSION ASSISTANCE.*—

13           “(1) *ASSISTANCE REQUIRED.*—Upon receipt of a  
14 proper request from the lender not earlier than the  
15 60th nor later than the 90th day of delinquency, a  
16 guaranty agency having an agreement with the Sec-  
17 retary under subsection (c) shall engage in default  
18 aversion activities designed to prevent the default by  
19 a borrower on a loan covered by such agreement.

20           “(2) *DEFAULT PREVENTION FEE REQUIRED.*—

21           “(A) *IN GENERAL.*—A guaranty agency, in  
22 accordance with the provisions of this para-  
23 graph, may transfer from the Federal Student  
24 Loan Reserve Fund to the Agency Operating  
25 Fund a default prevention fee. Such fee shall be

1           *paid for any loan on which a claim for default*  
2           *has not been presented that the guaranty agency*  
3           *successfully brings into current repayment status*  
4           *on or before the 300th day after the loan becomes*  
5           *60 days delinquent.*

6           “(B) *AMOUNT.*—*The default prevention fee*  
7           *shall be equal to 1 percent of the total unpaid*  
8           *principal and accrued interest on the loan cal-*  
9           *culated at the time the request is submitted by*  
10           *the lender. Such fee shall not be paid more than*  
11           *once on any loan for which the guaranty agency*  
12           *averts the default unless the borrower remained*  
13           *current in payments for at least 24 months prior*  
14           *to the subsequent delinquency. A guaranty agen-*  
15           *cy may transfer such fees earned under this sub-*  
16           *section not more frequently than monthly.*

17           “(C) *DEFINITION OF CURRENT REPAYMENT*  
18           *STATUS.*—*For the purpose of this paragraph, the*  
19           *term ‘current repayment status’ means that the*  
20           *borrower is not delinquent, in any respect, in the*  
21           *payment of principal and interest on the loan at*  
22           *the time the guaranty agency qualifies for the de-*  
23           *fault prevention fee.”.*

24           (h) *STATE SHARE OF DEFAULT COSTS.*—*Subsection*  
25           *(n) of section 428 (20 U.S.C. 1078) is repealed.*

1 **SEC. 427. 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 *wave 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 only include provisions—

11           “(A) specifying the responsibilities of the  
12 guaranty agency under the agreement, with re-  
13 spect to—

14           “(i) administering the issuance of in-  
15 surance on loans made under this part on  
16 behalf of the Secretary;

17           “(ii) monitoring insurance commit-  
18 ments made under this part;

19           “(iii) default aversion activities;

20           “(iv) review of default claims made by  
21 lenders;

22           “(v) payment of default claims;

23           “(vi) collection of defaulted loans;

24           “(vii) adoption of internal systems of  
25 accounting and auditing that are acceptable

1           to the Secretary, and reporting the result  
2           thereof to the Secretary in a timely manner,  
3           and on an accurate, and auditable basis;

4           “(viii) timely and accurate collection  
5           and reporting of such other data as the Sec-  
6           retary may require to carry out the pur-  
7           poses of the programs under this title;

8           “(ix) monitoring of institutions and  
9           lenders participating in the program under  
10          this part; and

11          “(x) informational outreach to schools  
12          and students in support of access to higher  
13          education;

14          “(B) regarding the fees the Secretary shall  
15          pay, in lieu of revenues that the guaranty agen-  
16          cy may otherwise receive under this part, to the  
17          guaranty agency under the agreement, and other  
18          funds that the guaranty agency may receive or  
19          retain under the agreement, except that in no  
20          case may the cost to the Secretary of the agree-  
21          ment, as reasonably projected by the Secretary,  
22          exceed the cost to the Secretary, as similarly pro-  
23          jected, in the absence of the agreement;

24          “(C) regarding the use of net revenues, as  
25          described in the agreement under this section, for

1           *such other activities in support of postsecondary*  
2           *education as may be agreed to by the Secretary*  
3           *and the guaranty agency;*

4           “(D) *regarding the standards by which the*  
5           *guaranty agency’s performance of the agency’s*  
6           *responsibilities under the agreement will be as-*  
7           *essed, and the consequences for a guaranty*  
8           *agency’s failure to achieve a specified level of*  
9           *performance on one or more performance stand-*  
10          *ards;*

11          “(E) *regarding the circumstances in which*  
12          *a guaranty agency’s agreement under this sec-*  
13          *tion may be ended in advance of the agreement’s*  
14          *expiration date;*

15          “(F) *regarding such other businesses, pre-*  
16          *viously purchased or developed with reserve*  
17          *funds, that relate to the program under this part*  
18          *and in which the Secretary permits the guaranty*  
19          *agency to engage; and*

20          “(G) *such other provisions as the Secretary*  
21          *may determine to be necessary to protect the*  
22          *United States from the risk of unreasonable loss*  
23          *and to promote the purposes of this part;*

1           “(4) shall provide for uniform lender participa-  
2           tion with the guaranty agency under the terms of the  
3           agreement; and

4           “(5) shall not prohibit or restrict borrowers from  
5           selecting a lender of the borrower’s choosing, subject to  
6           the prohibitions and restrictions applicable to the se-  
7           lection under this Act.

8           “(c) *PUBLIC NOTICE.*—

9           “(1) *IN GENERAL.*—The Secretary shall publish  
10          in the Federal Register a notice to all guaranty agen-  
11          cies that sets forth—

12                 “(A) an invitation for the guaranty agen-  
13                 cies to enter into agreements under this section;  
14                 and

15                 “(B) the criteria that the Secretary will use  
16                 for selecting the guaranty agencies with which  
17                 the Secretary will enter into agreements under  
18                 this section.

19           “(2) *AGREEMENT NOTICE.*—The Secretary shall  
20          notify the Chairperson and the Ranking Minority  
21          Members of the Committee on Labor and Human Re-  
22          sources of the Senate, and the Committee on Edu-  
23          cation and Workforce of the House of Representatives,  
24          and shall publish a notice in the Federal Register,  
25          with a request for public comment, at least 30 days

1       *prior to concluding an agreement under this section.*

2       *The notice shall contain—*

3               “(A) *a description of the voluntary flexible*  
4               *agreement and the performance goals established*  
5               *by the Secretary for the agreement;*

6               “(B) *a list of participating guaranty agen-*  
7               *cies and the specific statutory or regulatory*  
8               *waivers provided to each guaranty agency;*

9               “(C) *a description of the standards by*  
10              *which each guaranty agency’s performance under*  
11              *the agreement will be assessed; and*

12              “(D) *a description of the fees that will be*  
13              *paid to each participating guaranty agency.*

14              “(3) *PUBLIC AVAILABILITY.—The text of any vol-*  
15              *untary flexible agreement, and any subsequent revi-*  
16              *sions, shall be readily available to the public.*

17              “(4) *MODIFICATION NOTICE.—The Secretary*  
18              *shall notify the Chairperson and the Ranking Minor-*  
19              *ity Member of the Committee on Labor and Human*  
20              *Resources of the Senate, and the Committee on Edu-*  
21              *cation and Workforce of the House of Representatives*  
22              *30 days prior to any modifications to an agreement*  
23              *under this section.*

24              “(d) *TERMINATION.—At the expiration or early termi-*  
25              *nation of an agreement under this section, the Secretary*

1 *shall reinstate the guaranty agency's prior agreements*  
2 *under subsections (b) and (c) of section 428, subject only*  
3 *to such additional requirements as the Secretary determines*  
4 *to be necessary in order to ensure the efficient transfer of*  
5 *responsibilities between the agreement under this section*  
6 *and the agreements under subsections (b) and (c) of section*  
7 *428, and including the guaranty agency's compliance with*  
8 *reserve requirements under sections 422 and 428."*

9 **SEC. 428. FEDERAL PLUS LOANS.**

10 *Section 428B (20 U.S.C. 1078-2) is amended—*

11 *(1) by amending subsection (a) to read as fol-*  
12 *lows:*

13 *“(a) AUTHORITY TO BORROW.—*

14 *“(1) AUTHORITY AND ELIGIBILITY.—Parents of a*  
15 *dependent student shall be eligible to borrow funds*  
16 *under this section in amounts specified in subsection*  
17 *(b), if—*

18 *“(A) the parents do not have an adverse*  
19 *credit history as determined pursuant to regula-*  
20 *tions promulgated by the Secretary; and*

21 *“(B) the parents meet such other eligibility*  
22 *criteria as the Secretary may establish by regu-*  
23 *lation, after consultation with guaranty agen-*  
24 *cies, eligible lenders, and other organizations in-*  
25 *volved in student financial assistance.*

1           “(2) *TERMS, CONDITIONS, AND BENEFITS.*—*Ex-*  
2           *cept as provided in subsections (c), (d), and (e), loans*  
3           *made under this section shall have the same terms,*  
4           *conditions, and benefits as all other loans made under*  
5           *this part.*

6           “(3) *SPECIAL RULE.*—*Whenever necessary to*  
7           *carry out the provisions of this section, the terms*  
8           *“student” and “borrower” as used in this part shall*  
9           *include a parent borrower under this section.”; and*  
10           (2) *by adding at the end the following:*

11           “(f) *VERIFICATION OF IMMIGRATION STATUS AND SO-*  
12           *CIAL SECURITY NUMBER.*—*A parent who wishes to borrow*  
13           *funds under this section shall be subject to verification of*  
14           *the parent’s—*

15           “(1) *immigration status in the same manner as*  
16           *immigration status is verified for students under sec-*  
17           *tion 484(g); and*

18           “(2) *social security number in the same manner*  
19           *as social security numbers are verified for students*  
20           *under section 484(p).”.*

21 **SEC. 429. FEDERAL CONSOLIDATION LOANS.**

22           (a) *IN GENERAL.*—*Section 428C(a)(3) (20 U.S.C.*  
23           *1078–3(a)(3)) is amended—*

1           (1) *by amending subparagraph (A) to read as*  
2 *follows: “(A) For the purpose of this section, the term*  
3 *‘eligible borrower’ means a borrower who—*

4                   *“(i) is not subject to a judgment secured*  
5 *through litigation or an order for wage garnish-*  
6 *ment under section 488A; or*

7                   *“(ii) at the time of application for a con-*  
8 *solidation loan—*

9                           *“(I) is in repayment status;*

10                           *“(II) is in a grace period preceding re-*  
11 *payment; or*

12                           *“(III) is a defaulted borrower who has*  
13 *made arrangements to repay the obligation*  
14 *on the defaulted loans satisfactory to the*  
15 *holders of the defaulted loans.”; and*

16           (2) *in subparagraph (B)(i)—*

17                   *(A) in subclause (I), by striking “and” after*  
18 *the semicolon;*

19                   *(B) by redesignating subclause (II) as sub-*  
20 *clause (III);*

21                   *(C) by inserting after subclause (I) the fol-*  
22 *lowing:*

23                           *“(II) with respect to eligible student loans*  
24 *received prior to the date of consolidation that*  
25 *the borrower may wish to include with eligible*

1           loans specified in subclause (I) in a later con-  
2           solidation loan; and”]; and

3                   (D) in subclause (III) (as redesignated by  
4           subparagraph (B)—

5                           (i) by striking “that loans” and insert-  
6                           ing “with respect to loans”; and

7                           (ii) by inserting “that” before “may be  
8                           added”.

9           (b) *DATE CHANGE.*—Section 428C(e) (20 U.S.C.  
10 1078–3(e)) is amended by striking “September 30, 2002”  
11 and inserting “September 30, 2004”.

12 **SEC. 430. REQUIREMENTS FOR DISBURSEMENTS OF STU-**  
13 **DENT LOANS.**

14           (a) *IN GENERAL.*—Section 428G (20 U.S.C. 1078G)  
15 is amended—

16                   (1) in subsection (a)(1), by striking “The pro-  
17                   ceeds” and inserting “Except for a loan made for the  
18                   final period of enrollment, that is less than an aca-  
19                   demic year, in a student’s baccalaureate program of  
20                   study, at an institution with a cohort default rate (as  
21                   calculated under section 435(m)) that is 5 percent or  
22                   less, the proceeds”;

23                   (2) in subsection (b)(1), by striking “The first”  
24                   and inserting “Except for a loan made to a student  
25                   borrower entering an institution with a cohort default

1       rate (as calculated under section 435(m)) of less than  
2       5 percent, the first”; and

3               (3) in subsection (e)—

4                       (A) by striking “or made” and inserting “,  
5                       made”; and

6                       (B) by inserting “, or made to a student to  
7                       cover the cost of attendance in a program of  
8                       study abroad approved by the home eligible in-  
9                       stitution if the home eligible institution has a co-  
10                      hort default rate (as calculated under section  
11                      435(m)) of less than 5 percent” before the period.

12       (b) *EFFECTIVE DATE.*—The amendment made by sub-  
13       section (a)(2) shall be effective during the period beginning  
14       on October 1, 1998, and ending on September 30, 2002.

15       **SEC. 431. DEFAULT REDUCTION PROGRAM.**

16       The heading for subsection (b) of section 428F (20  
17       U.S.C. 1078–6) is amended by striking “SPECIAL RULE”  
18       and inserting “SATISFACTORY REPAYMENT ARRANGE-  
19       MENTS TO RENEW ELIGIBILITY”.

20       **SEC. 432. UNSUBSIDIZED LOANS.**

21       (a) *IN GENERAL.*—Section 428H (20 U.S.C. 1078–8)  
22       is amended—

23               (1) by amending subsection (b) to read as fol-  
24       lows:

1       “(b) *ELIGIBLE BORROWERS.*—*Any student meeting*  
2 *the requirements for student eligibility under section 484*  
3 *(including graduate and professional students as defined in*  
4 *regulations promulgated by the Secretary) shall be entitled*  
5 *to borrow an unsubsidized Stafford loan if the eligible insti-*  
6 *tution at which the student has been accepted for enroll-*  
7 *ment, or at which the student is in attendance, has—*

8               “(1) *determined and documented the student’s*  
9 *need for the loan based on the student’s estimated cost*  
10 *of attendance (as determined under section 472) and*  
11 *the student’s estimated financial assistance, including*  
12 *a loan which qualifies for interest subsidy payments*  
13 *under section 428; and*

14               “(2) *provided the lender a statement—*

15                       “(A) *certifying the eligibility of the student*  
16 *to receive a loan under this section and the*  
17 *amount of the loan for which such student is eli-*  
18 *gible, in accordance with subsection (c); and*

19                       “(B) *setting forth a schedule for disburse-*  
20 *ment of the proceeds of the loan in installments,*  
21 *consistent with the requirements of section*  
22 *428G.”;*

23               (2) *in subsection (d)—*

24                       (A) *in paragraph (2)—*

1           (i) *in the matter preceding subpara-*  
2 *graph (A)—*

3           (I) *by inserting “, as defined in*  
4 *section 481(d)(2),” after “academic*  
5 *year”; and*

6           (II) *by striking “or in any period*  
7 *of 7 consecutive months, whichever is*  
8 *longer,”;*

9           (ii) *in subparagraph (C), by inserting*  
10 *“and” after the semicolon; and*

11           (iii) *by inserting before the matter fol-*  
12 *lowing subparagraph (C) the following:*

13           “(D) *in the case of a student enrolled in*  
14 *coursework specified in sections 484(b)(3)(B) and*  
15 *484(b)(4)(B)—*

16           “(i) *\$4,000 for coursework necessary*  
17 *for enrollment in an undergraduate degree*  
18 *or certificate program, and \$5,000 for*  
19 *coursework necessary for enrollment in a*  
20 *graduate or professional program; and*

21           “(ii) *\$5,000 for coursework necessary*  
22 *for a professional credential or certification*  
23 *from a State required for employment as a*  
24 *teacher in an elementary or secondary*  
25 *school;”;* and

1           (B) in paragraph (3), by adding at the end  
2           the following: “The maximum aggregate amount  
3           shall not include interest capitalized from an in-  
4           school period.”;

5           (3) in subsection (e)—

6           (A) by amending paragraph (2) to read as  
7           follows:

8           “(2) CAPITALIZATION OF INTEREST.—Interest on  
9           loans made under this section for which payments of  
10          principal are not required during the in-school and  
11          grace periods or for which payments are deferred  
12          under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if  
13          agreed upon by the borrower and the lender—

14                 “(A) be paid monthly or quarterly; or

15                 “(B) be added to the principal amount of  
16          the loan by the lender only—

17                         “(i) when the loan enters repayment;

18                         “(ii) at the expiration of a grace pe-  
19          riod, in the case of a loan that qualifies for  
20          a grace period;

21                         “(iii) at the expiration of a period of  
22          deferment; or

23                         “(iv) when the borrower defaults.”; and

24           (B) in paragraph (6), by striking “10 year  
25          repayment period under section 428(b)(1)(D)”

1           and inserting “repayment period under section  
2           428(b)(9)”.

3           (b) *SENSE OF THE SENATE ON LOAN LIMIT FLEXIBIL-*  
4 *ITY.*—

5           (1) *FINDINGS.*—*The Senate finds that—*

6                   (A) *due to the annual borrowing ceilings on*  
7 *the Federal student loan programs, increasing*  
8 *numbers of needy students are borrowing from*  
9 *more expensive private sector loan programs*  
10 *than from the Federal loan programs;*

11                   (B) *according to the College Board, in aca-*  
12 *demically year 1996–1997, students borrowed ap-*  
13 *proximately \$1,200,000,000 from private sector*  
14 *loan programs;*

15                   (C) *the alternative private sector loan pro-*  
16 *grams are not only more expensive, but the in-*  
17 *terest rates are not capped, leaving students vul-*  
18 *nerable to higher monthly payments when inter-*  
19 *est rates increase; and*

20                   (D) *with more flexible Federal annual loan*  
21 *ceilings, students could be kept in Federal stu-*  
22 *dent loan programs, thereby making available to*  
23 *the students the debt management advantages of*  
24 *loan consolidation and alternative repayment*  
25 *options that are available under Federal student*

1           *loan programs, and lowering the costs of month-*  
2           *ly payments.*

3           (2) *SENSE OF THE SENATE.—It is the sense of*  
4           *the Senate that Congress should consider the growing*  
5           *problem described in paragraph (1) by continuing to*  
6           *examine the potential for adding borrowing flexibility*  
7           *to the annual, but not the aggregate, amounts that*  
8           *both undergraduate and graduate students are al-*  
9           *lowed to borrow under section 428H of the Higher*  
10          *Education Act of 1965.*

11 **SEC. 433. LOAN FORGIVENESS FOR TEACHERS.**

12          *Section 428J (20 U.S.C. 1078–10) is amended to read*  
13 *as follows:*

14 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.**

15          “(a) *STATEMENT OF PURPOSE.—It is the purpose of*  
16 *this section to encourage individuals to enter and continue*  
17 *in the teaching profession.*

18          “(b) *PROGRAM AUTHORIZED.—The Secretary is au-*  
19 *thorized to carry out a program, through the holder of the*  
20 *loan, of assuming the obligation to repay a qualifying loan*  
21 *made under section 428 that is eligible for interest subsidy,*  
22 *for any new borrower on or after October 1, 1998, who—*

23                 “(1) *has been employed as a full-time teacher for*  
24                 *3 consecutive complete school years—*

1           “(A) in a school that qualifies under section  
2           465(a)(2)(A) for loan cancellation for Perkins  
3           loan recipients who teach in such schools;

4           “(B) if employed as a secondary school  
5           teacher, is teaching a subject area that is rel-  
6           evant to the borrower’s academic major as cer-  
7           tified by the chief administrative officer of the  
8           public or nonprofit private secondary school in  
9           which the borrower is employed; and

10          “(C) if employed as an elementary school  
11          teacher, has demonstrated, in accordance with  
12          State teacher certification or licensing require-  
13          ments and as certified by the chief administra-  
14          tive officer of the public or nonprofit private ele-  
15          mentary school in which the borrower is em-  
16          ployed, knowledge and teaching skills in reading,  
17          writing, mathematics and other areas of the ele-  
18          mentary school curriculum; and

19          “(2) is not in default on a loan for which the  
20          borrower seeks forgiveness.

21          “(c) *QUALIFYING LOANS.*—For purposes of this sec-  
22          tion, a loan is a qualifying loan if—

23                 “(1) the loan was obtained to cover the cost of  
24                 instruction for an academic year after the first and  
25                 second years of undergraduate education; and

1           “(2) *the loan did not cover the costs of instruc-*  
2           *tion for more than 2 academic years, or 3 academic*  
3           *years in the case of a program of instruction nor-*  
4           *mally requiring 5 years to complete.*

5           “(d) *REGULATIONS.—The Secretary is authorized to*  
6           *issue such regulations as may be necessary to carry out the*  
7           *provisions of this section.*

8           “(e) *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 that are qualifying loans*  
16                   *and are owed by the student borrower after the*  
17                   *completion of the fourth or fifth complete school*  
18                   *year of service described in subsection (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 \$8,000.*



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) *has worked full time for the 2 consec-*  
19 *utive years preceding the year for which the deter-*  
20 *mination is made as a child care provider in a*  
21 *low-income community.*

22 “(2) *LOW-INCOME COMMUNITY.*—*For the pur-*  
23 *poses of this subsection, the term ‘low-income commu-*  
24 *nity’ means a community in which 70 percent of*

1       *households within the community earn less than 85*  
2       *percent of the State median household income.*

3               “(3) *AWARD BASIS; PRIORITY.*—

4                       “(A) *AWARD BASIS.*—*Subject to subpara-*  
5                       *graph (B), loan repayment under this section*  
6                       *shall be on a first-come, first-served basis and*  
7                       *subject to the availability of appropriations.*

8                       “(B) *PRIORITY.*—*The Secretary shall give*  
9                       *priority in providing loan repayment under this*  
10                      *section for a fiscal year to student borrowers who*  
11                      *received loan repayment under this section for*  
12                      *the preceding fiscal year.*

13               “(4) *REGULATIONS.*—*The Secretary is author-*  
14               *ized to prescribe such regulations as may be necessary*  
15               *to carry out the provisions of this section.*

16               “(d) *LOAN REPAYMENT.*—

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

19                               “(A) *after the second consecutive year of*  
20                               *employment described in subparagraphs (B) and*  
21                               *(C) of subsection (c)(1), 20 percent of the total*  
22                               *amount of all loans made after date of enactment*  
23                               *of the Higher Education Amendments of 1998, to*  
24                               *a student under this part or part D;*

1           “(B) after the third consecutive year of such  
2           employment, 20 percent of the total amount of  
3           all such loans; and

4           “(C) after each of the fourth and fifth con-  
5           secutive years of such employment, 30 percent of  
6           the total amount of all such loans.

7           “(2) CONSTRUCTION.—Nothing in this section  
8           shall be construed to authorize the refunding of any  
9           repayment of a loan made under this part or part D.

10          “(3) INTEREST.—If a portion of a loan is repaid  
11          by the Secretary under this section for any year, the  
12          proportionate amount of interest on such loan which  
13          accrues for such year shall be repaid by the Secretary.

14          “(4) SPECIAL RULE.—In the case where a stu-  
15          dent borrower who is not participating in loan repay-  
16          ment pursuant to this section returns to an institu-  
17          tion of higher education after graduation from an in-  
18          stitution of higher education for the purpose of ob-  
19          taining a degree in early childhood education, the  
20          Secretary is authorized to assume the obligation to  
21          repay the total amount of loans made under this part  
22          or part D incurred for a maximum of two academic  
23          years in returning to an institution of higher edu-  
24          cation for the purpose of obtaining a degree in early  
25          childhood education. Such loans shall only be repaid

1       *for borrowers who qualify for loan repayment pursu-*  
2       *ant to the provisions of this section, and shall be re-*  
3       *paid in accordance with the provisions of paragraph*  
4       *(1).*

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

11              “(e) *REPAYMENT TO ELIGIBLE LENDERS.—The Sec-*  
12       *retary shall pay to each eligible lender or holder for each*  
13       *fiscal year an amount equal to the aggregate amount of*  
14       *loans which are subject to repayment pursuant to this sec-*  
15       *tion for such year.*

16              “(f) *APPLICATION FOR REPAYMENT.—*

17                      “(1) *IN GENERAL.—Each eligible individual de-*  
18       *siring loan repayment under this section shall submit*  
19       *a complete and accurate application to the Secretary*  
20       *at such time, in such manner, and containing such*  
21       *information as the Secretary may require.*

22                      “(2) *CONDITIONS.—An eligible individual may*  
23       *apply for loan repayment under this section after*  
24       *completing each year of qualifying employment. The*  
25       *borrower shall receive forbearance while engaged in*

1       *qualifying employment unless the borrower is in*  
2       *deferment while so engaged.*

3       “(g) *EVALUATION.*—

4               “(1) *IN GENERAL.*—*The Secretary shall conduct,*  
5       *by grant or contract, an independent national evalua-*  
6       *tion of the impact of the demonstration program as-*  
7       *sisted under this section on the field of early child-*  
8       *hood education.*

9               “(2) *COMPETITIVE BASIS.*—*The grant or con-*  
10       *tract described in subsection (b) shall be awarded on*  
11       *a competitive basis.*

12               “(3) *CONTENTS.*—*The evaluation described in*  
13       *this subsection shall—*

14                       “(A) *determine the number of individuals*  
15       *who were encouraged by the demonstration pro-*  
16       *gram assisted under this section to pursue early*  
17       *childhood education;*

18                       “(B) *determine the number of individuals*  
19       *who remain employed in a child care facility as*  
20       *a result of participation in the program;*

21                       “(C) *identify the barriers to the effectiveness*  
22       *of the program;*

23                       “(D) *assess the cost-effectiveness of the pro-*  
24       *gram in improving the quality of—*

25                               “(i) *early childhood education; and*

1                   “(i) child care services;

2                   “(E) identify the reasons why participants  
3                   in the program have chosen to take part in the  
4                   program;

5                   “(F) identify the number of individuals  
6                   participating in the program who received an  
7                   associate’s degree and the number of such indi-  
8                   viduals who received a bachelor’s degree; and

9                   “(G) identify the number of years each in-  
10                  dividual participates in the program.

11                 “(4) *INTERIM AND FINAL EVALUATION RE-*  
12                 *PORTS.*—The Secretary shall prepare and submit to  
13                 the President and the Congress such interim reports  
14                 regarding the evaluation described in this subsection  
15                 as the Secretary deems appropriate, and shall prepare  
16                 and so submit a final report regarding the evaluation  
17                 by January 1, 2002.

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.”.

22                 **SEC. 435. NOTICE TO SECRETARY AND PAYMENT OF LOSS.**

23                 The third sentence of section 430(a) (20 U.S.C.  
24                 1080(a)) is amended by inserting “the institution was con-  
25                 tacted and other” after “submit proof that”.

1 **SEC. 436. COMMON FORMS AND FORMATS.**

2 *Section 432 (20 U.S.C. 1082) is amended—*

3 *(1) in subsection (m)(1)—*

4 *(A) in subparagraph (A), by striking “a*  
5 *common application form and promissory note”*  
6 *and inserting “common application forms and*  
7 *promissory notes, or master promissory notes,”;*

8 *(B) by striking subparagraph (C);*

9 *(C) by redesignating subparagraph (D) as*  
10 *subparagraph (C); and*

11 *(D) in subparagraph (C) (as redesignated*  
12 *by subparagraph (C))—*

13 *(i) by inserting “, application and*  
14 *other” after “electronic”; and*

15 *(ii) by adding at the end the following:*  
16 *“Guaranty agencies, borrowers, and lenders*  
17 *may use electronically printed versions of*  
18 *common forms approved for use by the Sec-*  
19 *retary.”; and*

20 *(2) in subsection (p), by striking “State post-*  
21 *secondary reviewing entities designated under subpart*  
22 *1 of part H,”.*

23 **SEC. 437. STUDENT LOAN INFORMATION BY ELIGIBLE**  
24 **LENDERS.**

25 *Section 433 (20 U.S.C. 1083) is amended—*

1           (1) in subsection (a), by amending the matter  
2           preceding paragraph (1) to read as follows:

3           “(a) *REQUIRED DISCLOSURE BEFORE DISBURSE-*  
4 *MENT.—Each eligible lender shall, at or prior to the time*  
5 *such lender disburses a loan that is insured or guaranteed*  
6 *under this part (other than a loan made under section*  
7 *428C), provide thorough and accurate loan information on*  
8 *such loan to the borrower. Any disclosure required by this*  
9 *subsection may be made by an eligible lender by written*  
10 *or electronic means, including as part of the application*  
11 *material provided to the borrower, as part of the promissory*  
12 *note evidencing the loan, or on a separate written form pro-*  
13 *vided to the borrower. Each lender shall provide a telephone*  
14 *number, and may provide an electronic address, to each*  
15 *borrower through which additional loan information can*  
16 *be obtained. The disclosure shall include—*”; and

17           (2) in subsection (b), by amending the matter  
18           preceding paragraph (1) to read as follows:

19           “(b) *REQUIRED DISCLOSURE BEFORE REPAYMENT.—*  
20 *Each eligible lender shall, at or prior to the start of the*  
21 *repayment period of the student borrower on loans made,*  
22 *insured, or guaranteed under this part, disclose to the bor-*  
23 *rower by written or electronic means the information re-*  
24 *quired under this subsection. Each eligible lender shall pro-*  
25 *vide a telephone number, and may provide an electronic*

1 address, to each borrower through which additional loan in-  
2 formation can be obtained. For any loan made, insured,  
3 or guaranteed under this part, other than a loan made  
4 under section 428B or 428C, such disclosure required by  
5 this subsection shall be made not less than 30 days nor more  
6 than 240 days before the first payment on the loan is due  
7 from the borrower. The disclosure shall include—”.

8 **SEC. 438. DEFINITIONS.**

9 (a) *ELIGIBLE INSTITUTION.*—Section 435(a) (20  
10 U.S.C. 1085(a)) is amended—

11 (1) in paragraph (2)—

12 (A) by adding after the matter following  
13 subparagraph (A)(ii) the following:

14 “If an institution continues to participate in a pro-  
15 gram under this part, and the institution’s appeal of  
16 the loss of eligibility is unsuccessful, the institution  
17 shall be required to pay to the Secretary an amount  
18 equal to the amount of interest, special allowance, re-  
19 insurance, and any related payments made by the  
20 Secretary (or which the Secretary is obligated to  
21 make) with respect to loans made under this part to  
22 students attending, or planning to attend, that insti-  
23 tution during the pendency of such appeal. In order  
24 to continue to participate during an appeal under  
25 this paragraph, the institution shall provide a letter

1       *of credit in favor of the Secretary or other third-party*  
2       *financial guarantees satisfactory to the Secretary in*  
3       *an amount determined by the Secretary to be suffi-*  
4       *cient to satisfy the institution’s potential liability on*  
5       *such loans under the preceding sentence.”; and*

6               *(B) by amending subparagraph (C) to read*  
7       *as follows:*

8               *“(C)(i) This paragraph shall not apply to any*  
9       *institution described in clause (ii), and any such in-*  
10       *stitution that exceeds the threshold percentage in sub-*  
11       *paragraph (A)(ii) for 2 consecutive years shall submit*  
12       *to the Secretary a default management plan satisfac-*  
13       *tory to the Secretary and containing criteria de-*  
14       *signed, in accordance with the regulations of the Sec-*  
15       *retary, to demonstrate continuous improvement by the*  
16       *institution in the institution’s cohort default rate. If*  
17       *the institution fails to submit the required plan, or to*  
18       *satisfy the criteria in the plan, the institution shall*  
19       *be subject to a loss of eligibility in accordance with*  
20       *this paragraph, except as the Secretary may otherwise*  
21       *specify in regulations.*

22               *“(ii) An institution referred to in clause (i) is—*

23                       *“(I) a part B institution within the mean-*  
24                       *ing of section 322(2);*

1           “(II) a Tribally Controlled College or Uni-  
2           versity within the meaning of section 2(a)(4) of  
3           the Tribally Controlled College or University As-  
4           sistance Act of 1978; or

5           “(III) a Navajo Community College under  
6           the Navajo Community College Act.”;

7           (2) in the matter following subparagraph (C)—

8           (A) by inserting “for a reasonable period of  
9           time, not to exceed 30 days,” after “access”; and

10           (B) by striking “of the affected guaranty  
11           agencies and loan servicers for a reasonable pe-  
12           riod of time, not to exceed 30 days” and insert-  
13           ing “used by a guaranty agency in determining  
14           whether to pay a claim on a defaulted loan”;  
15           and

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

17           “(4) PARTICIPATION RATE INDEX.—

18           “(A) IN GENERAL.—An institution that  
19           demonstrates to the Secretary that the institu-  
20           tion’s participation rate index is equal to or less  
21           than 0.0375 for any of the 3 applicable partici-  
22           pation rate indices shall not be subject to para-  
23           graph (2). The participation rate index shall be  
24           determined by multiplying the institution’s co-  
25           hort default rate for loans under part B or D,

1            *or weighted average cohort default rate for loans*  
2            *under parts B and D, by the percentage of the*  
3            *institution's regular students, enrolled on at least*  
4            *a half-time basis, who received a loan made*  
5            *under part B or D for a 12-month period ending*  
6            *during the 6 months immediately preceding the*  
7            *fiscal year for which the cohort of borrowers used*  
8            *to calculate the institution's cohort default rate*  
9            *is determined.*

10            *“(B) DATA.—An institution shall provide*  
11            *the Secretary with sufficient data to determine*  
12            *the institution's participation rate index within*  
13            *30 days after receiving an initial notification of*  
14            *the institution's draft cohort default rate.*

15            *“(C) NOTIFICATION.—Prior to publication*  
16            *of a final cohort default rate for an institution*  
17            *that provides the data described in subparagraph*  
18            *(B), the Secretary shall notify the institution of*  
19            *the institution's compliance or noncompliance*  
20            *with subparagraph (A).”.*

21            *(b) EFFECTIVE DATE.—The amendment made by sub-*  
22            *section (a)(1)(B) shall be effective during the period begin-*  
23            *ning on the date of enactment of this Act and ending on*  
24            *September 30, 2002.*

1           (c) *ELIGIBLE LENDER.*—Section 435(d)(1)(A)(ii) (20  
2 U.S.C. 1085(d)(1)(A)(ii) is amended—

3                   (1) by striking “or” after “1992,”; and  
4                   (2) by inserting before the semicolon the follow-  
5           ing: “, or (III) it is a bank (as defined in section  
6           3(a)(1) of the Federal Deposit Insurance Act (12  
7           U.S.C. 1813(a)(1)) that is a wholly owned subsidiary  
8           of a nonprofit foundation, the foundation is described  
9           in section 501(c)(3) of the Internal Revenue Code of  
10           1986 and exempt from taxation under section 501(1)  
11           of such Code, and the bank makes loans under this  
12           part only to undergraduate students who are age 22  
13           or younger and has a portfolio of such loans that is  
14           not more than \$5,000,000”.

15           (d) *DEFINITION OF DEFAULT.*—

16                   (1) *AMENDMENT.*—Section 435(l) (20 U.S.C.  
17           1085l) is amended—

18                           (A) by striking “180 days” and inserting  
19                           “270 days”; and

20                           (B) by striking “240 days” and inserting  
21                           “330 days”.

22                   (2) *EFFECTIVE DATE.*—The amendment made by  
23           paragraph (1) shall apply with respect to loans for  
24           which the first day of delinquency occurs on or after  
25           the date of enactment of this Act.

1           (e) *COHORT DEFAULT RATE.*—Section 435(m)(1)(B)  
2 (20 U.S.C. 1085(m)(1)(B)) is amended by striking “insur-  
3 ance, and, in considering appeals with respect to cohort de-  
4 fault rates pursuant to subsection (a)(3), exclude” and in-  
5 serting “insurance. In considering appeals with respect to  
6 cohort default rates pursuant to subsection (a)(3), the Sec-  
7 retary shall exclude, from the calculation of the number of  
8 students who entered repayment and from the calculation  
9 of the number of students who default,”.

10           (f) *PUBLICATION DATE.*—Section 435(m)(4) (20  
11 U.S.C. 1085(m)(4)) is amended by adding at the end the  
12 following:

13                   “(D) The Secretary shall publish the report de-  
14 scribed in subparagraph (C) by September 30 of each  
15 year.”.

16 **SEC. 439. STUDY OF THE EFFECTIVENESS OF COHORT DE-**  
17 **FAULT RATES FOR INSTITUTIONS WITH FEW**  
18 **STUDENT LOAN BORROWERS.**

19           Part A of title IV (20 U.S.C. 1071 et seq.) is amended  
20 by adding after section 435 the following:

21 **“SEC. 435A. STUDY OF THE EFFECTIVENESS OF COHORT DE-**  
22 **FAULT RATES FOR INSTITUTIONS WITH FEW**  
23 **STUDENT LOAN BORROWERS.**

24           “(a) *STUDY REQUIRED.*—The Secretary shall conduct  
25 a study of the effectiveness of cohort default rates as an indi-

1 *cator of administrative capability and program quality for*  
2 *institutions of higher education at which less than 15 per-*  
3 *cent of students eligible to borrow participate in the Federal*  
4 *student loan programs under this title and fewer than 30*  
5 *borrowers enter repayment in any fiscal year. At a mini-*  
6 *mum, the study shall include—*

7           “(1) *identification of the institutions included in*  
8 *the study and of the student populations the institu-*  
9 *tions serve;*

10           “(2) *analysis of cohort default rates as indicators*  
11 *of administrative shortcomings and program quality*  
12 *at the institutions;*

13           “(3) *analysis of the effectiveness of cohort default*  
14 *rates as a means to prevent fraud and abuse in the*  
15 *programs assisted under this title;*

16           “(4) *analysis of the extent to which the institu-*  
17 *tions with high cohort default rates are no longer par-*  
18 *ticipants in the Federal student loan programs under*  
19 *this title; and*

20           “(5) *analysis of the costs incurred by the Depart-*  
21 *ment for the calculation, publication, correction, and*  
22 *appeal of cohort default rates for the institutions in*  
23 *relation to any benefits to taxpayers.*

1       “(b) *CONSULTATION.*—*In conducting the study de-*  
2 *scribed in subsection (a), the Secretary shall consult with*  
3 *institutions of higher education.*

4       “(c) *REPORT TO CONGRESS.*—*The Secretary shall re-*  
5 *port to the Committee on Labor and Human Resources of*  
6 *the Senate and the Committee on Education and the Work-*  
7 *force of the House of Representatives not later than Septem-*  
8 *ber 30, 1999, regarding the results of the study described*  
9 *in subsection (a).”.*

10 **SEC. 440. DELEGATION OF FUNCTIONS.**

11       *Section 436 (20 U.S.C. 1086) is amended to read as*  
12 *follows:*

13 **“SEC. 436. DELEGATION OF FUNCTIONS.**

14       “(a) *IN GENERAL.*—*An eligible lender or guaranty*  
15 *agency that contracts with another entity to perform any*  
16 *of the lender’s or agency’s functions under this title, or oth-*  
17 *erwise delegates the performance of such functions to such*  
18 *other entity—*

19               “(1) *shall not be relieved of the lender’s or agen-*  
20 *cy’s duty to comply with the requirements of this*  
21 *title; and*

22               “(2) *shall monitor the activities of such other en-*  
23 *tity for compliance with such requirements.*

24       “(b) *SPECIAL RULE.*—*A lender that holds a loan made*  
25 *under part B in the lender’s capacity as a trustee is respon-*

1 sible for complying with all statutory and regulatory re-  
2 quirements imposed on any other holder of a loan made  
3 under this part.”.

4 **SEC. 440A. SPECIAL ALLOWANCES.**

5 (a) AMENDMENTS.—Section 438 (20 U.S.C. 1087–1)  
6 is amended—

7 (1) in subsection (c), by amending paragraph  
8 (1) to read as follows:

9 “(1) DEDUCTION FROM INTEREST AND SPECIAL  
10 ALLOWANCE SUBSIDIES.—(A) Notwithstanding sub-  
11 section (b), the Secretary shall collect the amount the  
12 lender is authorized to charge as an origination fee  
13 in accordance with paragraph (2) of this subsection—

14 “(i) by reducing the total amount of interest  
15 and special allowance payable under section  
16 428(a)(3)(A) and subsection (b) of this section,  
17 respectively, to any holder; or

18 “(ii) directly from the holder of the loan, if  
19 the lender fails or is not required to bill the Sec-  
20 retary for interest and special allowance or with-  
21 draws from the program with unpaid loan origi-  
22 nation fees.

23 “(B) If the Secretary collects the origination fee  
24 under this subsection through the reduction of interest  
25 and special allowance, and the total amount of inter-

1 *est and special allowance payable under section*  
2 *428(a)(3)(A) and subsection (b) of this section, respec-*  
3 *tively, is less than the amount the lender was author-*  
4 *ized to charge borrowers for origination fees in that*  
5 *quarter, the Secretary shall deduct the excess amount*  
6 *from the subsequent quarters' payments until the total*  
7 *amount has been deducted.”;*

8 *(2) in subsection (d), by amending paragraph*  
9 *(1) to read as follows:*

10 *“(1) DEDUCTION FROM INTEREST AND SPECIAL*  
11 *ALLOWANCE SUBSIDIES.—*

12 *“(A) IN GENERAL.—Notwithstanding sub-*  
13 *section (b), the Secretary shall collect a loan fee*  
14 *in an amount determined in accordance with*  
15 *paragraph (2)—*

16 *“(i) by reducing the total amount of*  
17 *interest and special allowance payable*  
18 *under section 428(a)(3)(A) and subsection*  
19 *(b), respectively, to any holder of a loan; or*

20 *“(ii) directly from the holder of the*  
21 *loan, if the lender—*

22 *“(I) fails or is not required to bill*  
23 *the Secretary for interest and special*  
24 *allowance payments; or*

1                   “(II) *withdraws from the program*  
2                   *with unpaid loan fees.*

3                   “(B) *SPECIAL RULE.—If the Secretary col-*  
4                   *lects loan fees under this subsection through the*  
5                   *reduction of interest and special allowance pay-*  
6                   *ments, and the total amount of interest and spe-*  
7                   *cial allowance payable under section*  
8                   *428(a)(3)(A) and subsection (b), respectively, is*  
9                   *less than the amount of such loan fees, then the*  
10                   *Secretary shall deduct the amount of the loan fee*  
11                   *balance from the amount of interest and special*  
12                   *allowance payments that would otherwise be*  
13                   *payable, in subsequent quarterly increments*  
14                   *until the balance has been deducted.”; and*

15                   *(3) in subsection (e)—*

16                   *(A) by striking paragraphs (1) and (2); and*

17                   *(B) by redesignating paragraphs (3) and*  
18                   *(4) as paragraphs (1) and (2), respectively.*

19                   “(b) *CONFORMING AMENDMENT.—Section 432(f)(1)(D)*  
20                   *is amended by striking “required to file a plan for doing*  
21                   *business under section 438(d)” and inserting “that meets*  
22                   *the requirements of section 438(e)”.*

1 **SEC. 440B. STUDY OF MARKET-BASED MECHANISMS FOR DE-**  
2 **TERMINING STUDENT LOAN INTEREST**  
3 **RATES.**

4 (a) *STUDY REQUIRED.*—

5 (1) *IN GENERAL.*—*The Secretary of the Treasury*  
6 *shall conduct a study of the feasibility of employing*  
7 *market-based mechanisms, including some form of*  
8 *auction, for determining student loan interest rates*  
9 *under title IV of the Higher Education Act of 1965*  
10 *(20 U.S.C. 1070 et seq.). The study shall include—*

11 (A) *analysis of the potential impact of the*  
12 *mechanisms on the delivery of student financial*  
13 *aid;*

14 (B) *analysis of the implications of the*  
15 *mechanisms with respect to student and institu-*  
16 *tional access to student loan capital;*

17 (C) *analysis of the potential impact of the*  
18 *mechanisms on the costs of the programs under*  
19 *such title for students and the Federal Govern-*  
20 *ment; and*

21 (D) *a plan for structuring and implement-*  
22 *ing the mechanisms in such a manner that en-*  
23 *sures the cost-effective availability of student*  
24 *loans for students and their families.*

25 (b) *CONSULTATION.*—*In conducting the study de-*  
26 *scribed in paragraph (1), the Secretary shall consult with*

1 *lenders, secondary markets, guaranty agencies, institutions*  
2 *of higher education, student loan borrowers, and other par-*  
3 *ticipants in the student loan programs under title IV of*  
4 *the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).*

5 *(c) REPORT TO CONGRESS.—The Secretary of the*  
6 *Treasury shall report to the Committee on Labor and*  
7 *Human Resources of the Senate, and the Committee on*  
8 *Education and the Workforce of the House of Representa-*  
9 *tives not later than September 30, 1999, regarding the re-*  
10 *sults of the study described in subsection (a).*

11 **PART C—FEDERAL WORK-STUDY PROGRAMS**

12 **SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMU-**  
13 **NITY SERVICES.**

14 *Section 441 (20 U.S.C. 2751) is amended—*

15 *(1) in subsection (b), by striking “\$800,000,000*  
16 *for fiscal year 1993” and inserting “\$900,000,000 for*  
17 *fiscal year 1999”; and*

18 *(2) in subsection (c)—*

19 *(A) in paragraph (1), by inserting “(in-*  
20 *cluding child care services provided on campus)”*  
21 *after “child care”; and*

22 *(B) in paragraph (3), by inserting “, in-*  
23 *cluding students with disabilities who are en-*  
24 *rolled at the institution” before the semicolon.*

1 **SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.**

2 *Section 443(b) (20 U.S.C. 2753(b)) is amended—*

3 *(1) in paragraph (1), by inserting “, including*  
4 *internships or research assistanceships as determined*  
5 *by the Secretary,” after “part-time employment”;*

6 *(2) by amending paragraph (3) to read as fol-*  
7 *lows:*

8 *“(3) provide that in the selection of students for*  
9 *employment under such work-study program, only*  
10 *students who demonstrate financial need in accord-*  
11 *ance with part F of this title and meet the require-*  
12 *ments of section 484 will be assisted, except that if the*  
13 *institution’s grant under this part is directly or indi-*  
14 *rectly based in part on the financial need dem-*  
15 *onstrated by students who are (A) attending the insti-*  
16 *tution on less than a full-time basis, or (B) independ-*  
17 *ent students, a reasonable portion of the allocation*  
18 *shall be made available to such students;”;*

19 *(3) in paragraph (5)—*

20 *(A) by striking “provide that” and insert-*  
21 *ing “(A) provide that”;*

22 *(B) by striking “1993–1994” and inserting*  
23 *“1999–2000”; and*

24 *(C) by inserting “and (B) provide that the*  
25 *Federal share of the compensation of students*  
26 *employed in community service shall not exceed*

1           90 percent for academic years 1999–2000 and  
2           succeeding academic years,” after “academic  
3           years,”; and

4           (4) in paragraph (6), by striking “, and to  
5           make” and all that follows through “such employ-  
6           ment”.

7 **SEC. 443. WORK COLLEGES.**

8           Section 448 (20 U.S.C. 2756b) is amended—

9           (1) in subsection (b)(2)—

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

12           (B) in subparagraph (D)(ii), by striking the  
13           period and inserting a semicolon; and

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

15           “(E) coordinate and carry out joint projects  
16           and activities to promote work service learning;  
17           and

18           “(F) carry out a comprehensive, longitu-  
19           dinal study of student academic progress and  
20           academic and career outcomes, relative to stu-  
21           dent self-sufficiency in financing their higher  
22           education, repayment of student loans, continued  
23           community service, kind and quality of service  
24           performed, and career choice and community  
25           service selected after graduation.”; and



1           “(A) *RATES FOR FDSL AND FDUSL.*—Not-  
2           withstanding the preceding paragraphs of this  
3           subsection, for Federal Direct Unsubsidized Staf-  
4           ford/Ford Loans for which the first disbursement  
5           is made on or after October 1, 1998, and before  
6           July 1, 2003, the applicable rate of interest shall,  
7           during any 12-month period beginning on July  
8           1 and ending on June 30, be determined on the  
9           preceding June 1 and be equal to—

10                   “(i) the bond equivalent rate of 91-day  
11                   Treasury bills auctioned at the final auc-  
12                   tion held prior to such June 1; plus

13                           “(ii) 2.3 percent,  
14           except that such rate shall not exceed 8.25 per-  
15           cent.

16           “(B) *IN SCHOOL AND GRACE PERIOD*  
17           *RULES.*—Notwithstanding the preceding para-  
18           graphs of this subsection, with respect to any  
19           Federal Direct Stafford/Ford Loan or Federal  
20           Direct Unsubsidized Stafford/Ford Loan for  
21           which the first disbursement is made on or after  
22           October 1, 1998, and before July 1, 2003, the ap-  
23           plicable rate of interest for interest which ac-  
24           crues—

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

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

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

10           “(C) *PLUS LOANS*.—Notwithstanding the  
11           preceding paragraphs of this subsection, with re-  
12           spect to Federal Direct *PLUS* Loan for which  
13           the first disbursement is made on or after Octo-  
14           ber 1, 1998, and before July 1, 2003, the appli-  
15           cable rate of interest shall be determined under  
16           subparagraph (A)—

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

19           “(ii) by substituting ‘9.0 percent’ for  
20           ‘8.25 percent’.”.

21           (b) *EFFECTIVE DATE*.—The amendments made by sub-  
22           section (a) shall apply with respect to any loan made under  
23           part D of title IV of the Higher Education Act of 1965 for  
24           which the first disbursement is made on or after October  
25           1, 1998, and before July 1, 2003.

1           (c) *REPAYMENT INCENTIVES.*—Section 455(b) (20  
2 *U.S.C. 1087e(b)*) is amended further by adding at the end  
3 *the following:*

4                   “(7) *REPAYMENT INCENTIVES.*—

5                           “(A) *IN GENERAL.*—Notwithstanding any  
6 *other provision of this part, the Secretary is au-*  
7 *thorized to prescribe by regulation such reduc-*  
8 *tions in the interest rate paid by a borrower of*  
9 *a loan made under this part as the Secretary de-*  
10 *termines appropriate to encourage on-time re-*  
11 *payment of the loan. Such reductions may be of-*  
12 *fered only if the Secretary determines the reduc-*  
13 *tions are cost neutral and in the best financial*  
14 *interest of the Federal Government. Any increase*  
15 *in subsidy costs resulting from such reductions*  
16 *shall be completely offset by corresponding sav-*  
17 *ings in funds available for the William D. Ford*  
18 *Federal Direct Loan Program in that fiscal year*  
19 *from section 458 and other administrative ac-*  
20 *counts.*

21                           “(B) *ACCOUNTABILITY.*—The Secretary  
22 *shall ensure the cost neutrality of such reductions*  
23 *by obtaining an official report from the Director*  
24 *of the Office of Management and Budget and the*  
25 *Director of the Congressional Budget Office that*

1           *any such reductions will be completely cost neu-*  
2           *tral. The reports shall be transmitted to the Com-*  
3           *mittee on Labor and Human Resources of the*  
4           *Senate and the Committee on Education and the*  
5           *Workforce of the House of Representatives not*  
6           *less than 60 days prior to the publication of reg-*  
7           *ulations proposing such reductions.”.*

8   **SEC. 453. CONTRACTS.**

9           *Section 456(b) (20 U.S.C. 1087f(b)) is amended—*

10           *(1) in paragraph (3), by inserting “and” after*  
11           *the semicolon;*

12           *(2) by striking paragraph (4); and*

13           *(3) by redesignating paragraph (5) as para-*  
14           *graph (4).*

15   **SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.**

16           *Section 458 (20 U.S.C. 1087h) is amended—*

17           *(1) by amending subsection (a) to read as fol-*  
18           *lows:*

19           *“(a) ADMINISTRATIVE EXPENSES.—*

20           *“(1) IN GENERAL.—Each fiscal year there shall*  
21           *be available to the Secretary, from funds not other-*  
22           *wise appropriated, funds to be obligated for—*

23           *“(A) administrative costs under this part*  
24           *and part B, including the costs of the direct stu-*  
25           *dent loan programs under this part; and*

1           “(B) account maintenance fees payable to  
2           guaranty agencies under part B and calculated  
3           in accordance with subsections (b) and (c),  
4           not to exceed (from such funds not otherwise appro-  
5           priated) \$612,000,000 in fiscal year 1999,  
6           \$730,000,000 in fiscal year 2000, \$765,000,000 in fis-  
7           cal year 2001, \$770,000,000 in fiscal year 2002, and  
8           \$785,000,000 in fiscal year 2003.

9           “(2) ACCOUNT MAINTENANCE FEES.—Account  
10          maintenance fees under paragraph (1)(B) shall be  
11          paid quarterly and deposited in the Agency Operat-  
12          ing Fund established under section 422B.

13          “(3) CARRYOVER.—The Secretary may carry  
14          over funds made available under this section to a sub-  
15          sequent fiscal year.”;

16          (2) by amending subsection (b) to read as fol-  
17          lows:

18          “(b) CALCULATION BASIS.—Except as provided in  
19          subsection (c), account maintenance fees payable to guar-  
20          anty agencies under paragraph (1)(B) shall be calculated—

21                 “(1) for fiscal years 1999 and 2000, on the basis  
22                 of 0.12 percent of the original principal amount of  
23                 outstanding loans on which insurance was issued  
24                 under part B; and

1           “(2) for fiscal year 2001, 2002, and 2003, on the  
2 basis of 0.10 percent of the original principal amount  
3 of outstanding loans on which insurance was issued  
4 under part B.”;

5           (3) by redesignating subsections (c) and (d) as  
6 subsections (d) and (e), respectively; and

7           (4) by inserting after subsection (b) the follow-  
8 ing:

9           “(c) *SPECIAL RULES.*—

10           “(1) *FEE CAP.*—The total amount of account  
11 maintenance fees payable under this section—

12           “(A) for fiscal year 1999, shall not exceed  
13 \$177,000,000;

14           “(B) for fiscal year 2000, shall not exceed  
15 \$180,000,000;

16           “(C) for fiscal year 2001, shall not exceed  
17 \$170,000,000;

18           “(D) for fiscal year 2002, shall not exceed  
19 \$180,000,000; and

20           “(E) for fiscal year 2003, shall not exceed  
21 \$195,000,000.

22           “(2) *INSUFFICIENT FUNDING.*—

23           “(A) *IN GENERAL.*—Notwithstanding sec-  
24 tion 422A(d), if the amount made available  
25 under subsection (a) is insufficient to pay the ac-

1           *count maintenance fees payable to guaranty*  
2           *agencies under paragraph (1) for a fiscal year,*  
3           *the Secretary shall pay the insufficiency by re-*  
4           *quiring guaranty agencies to transfer funds from*  
5           *the Federal Student Loan Reserve Funds under*  
6           *section 422A to the Agency Operating Funds*  
7           *under section 422B.*

8           “(B) *ENTITLEMENT.*—*A guaranty agency*  
9           *shall be deemed to have a contractual right*  
10          *against the United States to receive payments*  
11          *according to the provisions of subparagraph*  
12          *(A).”.*

13   **SEC. 455. LOAN CANCELLATION FOR TEACHERS.**

14          *Part D of title IV (20 U.S.C. 1087a et seq.) is amended*  
15   *by adding at the end the following:*

16   **“SEC. 459. LOAN CANCELLATION FOR TEACHERS.**

17          “(a) *STATEMENT OF PURPOSE.*—*It is the purpose of*  
18   *this section to encourage individuals to enter and continue*  
19   *in the teaching profession.*

20          “(b) *PROGRAM AUTHORIZED.*—*The Secretary is au-*  
21   *thorized to carry out a program of canceling the obligation*  
22   *to repay a Federal Direct Stafford/Ford Loan made under*  
23   *this part that is eligible for an interest subsidy and is a*  
24   *qualifying loan, for any new borrower on or after October*  
25   *1, 1998, who—*

1           “(1) has been employed as a full-time teacher for  
2       3 consecutive complete school years—

3           “(A) in a school that qualifies under section  
4       465(a)(2)(A) for loan cancellation for Perkins  
5       loan recipients who teach in such schools;

6           “(B) if employed as a secondary school  
7       teacher, is teaching a subject area that is rel-  
8       evant to the borrower’s academic major as cer-  
9       tified by the chief administrative officer of the  
10      public or non-profit private secondary school in  
11      which the borrower is employed; and

12          “(C) if employed as an elementary school  
13      teacher, has demonstrated, in accordance with  
14      State teacher certification or licensing require-  
15      ments and as certified by the chief administra-  
16      tive officer of the public or nonprofit private ele-  
17      mentary school in which the borrower is em-  
18      ployed, knowledge and teaching skills in reading,  
19      writing, mathematics and other areas of the ele-  
20      mentary school curriculum; and

21          “(2) is not in default on a loan for which the  
22      borrower seeks forgiveness.

23          “(c) QUALIFYING LOANS.—For purposes of this sec-  
24      tion, a loan is a qualifying loan if—

1           “(1) the loan was obtained to cover the cost of  
2           instruction for an academic year after the first and  
3           second years of undergraduate education; and

4           “(2) the loan did not cover the costs of instruc-  
5           tion for more than 2 academic years, or 3 academic  
6           years in the case of a program of instruction nor-  
7           mally requiring 5 years to complete.

8           “(d) REGULATIONS.—The Secretary is authorized to  
9           issue such regulations as may be necessary to carry out the  
10          provisions of this section.

11          “(e) LOAN CANCELLATION DURING CONTINUING  
12          TEACHING SERVICE.—

13                 “(1) IN GENERAL.—The Secretary shall cancel  
14                 the obligation to repay—

15                         “(A) 30 percent of the total outstanding  
16                         amount and applicable interest of subsidized  
17                         Federal Direct Stafford/Ford loans that are  
18                         qualifying loans and are owed by the student  
19                         borrower after the completion of the fourth or  
20                         fifth complete school year of service described in  
21                         subsection (b);

22                         “(B) 40 percent of such total amount after  
23                         the completion of the sixth complete school year  
24                         of such service; and

1           “(C) a total amount for any borrower that  
2           shall not exceed \$8,000.

3           “(2) CONSTRUCTION.—Nothing in this section  
4           shall be construed to authorize any refunding of any  
5           canceled loan.

6           “(f) LIST.—If the list of schools in which a teacher  
7           may perform service pursuant to subsection (b) is not avail-  
8           able before May 1 of any year, the Secretary may use the  
9           list for the year preceding the year for which the determina-  
10          tion is made to make such service determination.

11          “(g) CONTINUED ELIGIBILITY.—Any teacher who per-  
12          forms service in a school that—

13               “(1) meets the requirements of subsection  
14               (b)(1)(A) in any year during such service; and

15               “(2) in a subsequent year fails to meet the re-  
16               quirements of such subsection, may continue to teach  
17               in such school and shall be eligible for loan cancella-  
18               tion pursuant to subsection (b).”.

19               **PART E—FEDERAL PERKINS LOANS**

20               **SEC. 461. AUTHORIZATION OF APPROPRIATIONS.**

21               Subsection (b) of section 461 (20 U.S.C. 1087aa) is  
22               amended—

23                       (1) in paragraph (1), by striking “1993” and in-  
24                       serting “1999”; and

1           (2) in paragraph (2), by striking “1997” each  
2           place the term appears and inserting “2003”.

3 **SEC. 462. ALLOCATION OF FUNDS.**

4           (a) *AMENDMENTS.*—Section 462 (20 U.S.C. 1087bb) is  
5 amended—

6           (1) in the matter preceding subparagraph (A) of  
7           subsection (d)(3), by striking “the Secretary, for” and  
8           all that follows through “years,”;

9           (2) by amending subsection (f) to read as follows:

10          “(f) *DEFAULT PENALTIES.*—

11           “(1) *IN GENERAL.*—For fiscal year 1998 and  
12           any succeeding fiscal year, any institution with a co-  
13           hort default rate (as defined under subsection (h))  
14           that equals or exceeds 25 percent shall have a default  
15           penalty of zero.

16           “(2) *INELIGIBILITY.*—

17           “(A) *IN GENERAL.*—For fiscal year 1998  
18           and any succeeding fiscal year, any institution  
19           with a cohort default rate (as defined in sub-  
20           section (h)) that equals or exceeds 50 percent for  
21           each of the 3 most recent years for which data  
22           are available shall not be eligible to participate  
23           in a program under this part for the fiscal year  
24           for which the determination is made and the 2  
25           succeeding fiscal years, unless, within 30 days of

1           *receiving notification from the Secretary of the*  
2           *loss of eligibility under this paragraph, the insti-*  
3           *tution appeals the loss of eligibility to the Sec-*  
4           *retary. The Secretary shall issue a decision on*  
5           *any such appeal within 45 days after the sub-*  
6           *mission of the appeal. Such decision may permit*  
7           *the institution to continue to participate in a*  
8           *program under this part if—*

9                   *“(i) the institution demonstrates to the*  
10                   *satisfaction of the Secretary that the cal-*  
11                   *culatation of the institution’s cohort default*  
12                   *rate is not accurate, and that recalculation*  
13                   *would reduce the institution’s cohort default*  
14                   *rate for any of the 3 fiscal years below 50*  
15                   *percent; or*

16                   *“(ii) there are, in the judgment of the*  
17                   *Secretary, exceptional mitigating cir-*  
18                   *cumstances such as a small number of bor-*  
19                   *rowers entering repayment, that would*  
20                   *make the application of this subparagraph*  
21                   *inequitable.*

22                   *“(B) CONTINUED PARTICIPATION.—During*  
23                   *an appeal under subparagraph (A), the Sec-*  
24                   *retary may permit the institution to continue to*  
25                   *participate in a program under this part.*

1           “(C) *DEFINITION.*—*For the purposes of sub-*  
2           *paragraph (A), the term ‘loss of eligibility’ shall*  
3           *be defined as the mandatory liquidation of an*  
4           *institution’s student loan fund, and assignment*  
5           *of the institution’s outstanding loan portfolio to*  
6           *the Secretary.”;*

7           (3) *by amending paragraph (1) of subsection (g)*  
8           *to read as follows: “(1) For award year 1998 and*  
9           *subsequent years, the maximum cohort default rate is*  
10          *25 percent.”; and*

11          (4) *in subsection (h)—*

12           (A) *in the subsection heading, by striking*  
13           *“DEFINITIONS OF DEFAULT RATE AND” and in-*  
14           *serting “DEFINITION OF”;*

15           (B) *by striking paragraphs (1) and (2);*

16           (C) *by redesignating paragraphs (3) and*  
17           (4) *as paragraphs (1) and (2), respectively;*

18           (D) *in paragraph (1) (as redesignated by*  
19           *subparagraph (C))—*

20           (i) *by striking subparagraph (B); and*

21           (ii) *by redesignating subparagraphs*  
22           (C) *through (G) as subparagraphs (B)*  
23           *through (F), respectively; and*

24           (E) *in the matter preceding subparagraph*  
25           (A) *of paragraph (2) (as redesignated by sub-*

1           *paragraph (C)), by striking “A loan” and insert-*  
2           *ing “For purposes of calculating the cohort de-*  
3           *fault rate under this subsection, a loan”.*

4           **(b) CONFORMING AMENDMENTS.**—Section 462 (20  
5 *U.S.C. 1087bb*) is amended—

6           (1) *in the matter following paragraphs (1)(B)*  
7           *and (2)(D)(ii) of subsection (a), by inserting “cohort”*  
8           *before “default” each place the term appears;*

9           (2) *in the matter following paragraphs (2)(B)*  
10          *and (3)(C) of subsection (c), by inserting “cohort” be-*  
11          *fore “default” each place the term appears;*

12          (3) *in subsection (e)(2), by inserting “cohort” be-*  
13          *fore “default”; and*

14          (4) *in subsection (h)(1)(F) (as redesignated by*  
15          *subparagraphs (C) and (D)(ii) of subsection (a)(4)),*  
16          *by inserting “cohort” before “default”.*

17 **SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER**  
18 **EDUCATION.**

19          Section 463 (20 U.S.C. 1087cc) is amended—

20          (1) *by amending subparagraph (B) of subsection*  
21          *(a)(2) to read as follows:*

22                  *“(B) a capital contribution by an institu-*  
23                  *tion in an amount equal to one-third of the Fed-*  
24                  *eral capital contributions described in subpara-*  
25                  *graph (A);”;*

1           (2) *in subsection (c)—*

2                 (A) *in paragraph (2)—*

3                     (i) *in the matter preceding subpara-*  
4                     *graph (A), by striking “by the Secretary”*  
5                     *and all that follows through “of—” and in-*  
6                     *serting “by the Secretary or an institution,*  
7                     *as the case may be, to such organizations,*  
8                     *with respect to any loan held by the Sec-*  
9                     *retary or the institution, respectively,*  
10                    *of—”;*

11                   (ii) *by amending subparagraph (A) to*  
12                    *read as follows:*

13                    “(A) *the date of disbursement and the*  
14                    *amount of such loans made to any borrower*  
15                    *under this part at the time of disbursement of*  
16                    *the loan;”;*

17                   (iii) *in subparagraph (B)—*

18                         (I) *by inserting “the repayment*  
19                         *and” after “concerning”; and*

20                         (II) *by striking “any defaulted”*  
21                         *and inserting “such”; and*

22                         (iv) *in subparagraph (C), by inserting*  
23                         *“, or upon cancellation or discharge of the*  
24                         *borrower’s obligation on the loan for any*  
25                         *reason” before the period;*

1                   (B) in paragraph (3)—

2                   (i) in the matter preceding subpara-  
3                   graph (A), by striking “until—” and in-  
4                   serting “until the loan is paid in full.”; and

5                   (ii) by striking subparagraphs (A) and  
6                   (B); and

7                   (C) by amending paragraph (4) to read as  
8                   follows:

9                   “(4)(A) Except as provided in subparagraph  
10                  (B), an institution of higher education, after con-  
11                  sultation with the Secretary and pursuant to the  
12                  agreements entered into under paragraph (1), shall  
13                  disclose at least annually to any credit bureau orga-  
14                  nization with which the Secretary has such an agree-  
15                  ment the information set forth in paragraph (2), and  
16                  shall disclose promptly to such credit bureau organi-  
17                  zation any changes to the information previously dis-  
18                  closed.

19                  “(B) The Secretary may promulgate regulations  
20                  establishing criteria under which an institution of  
21                  higher education may cease reporting the information  
22                  described in paragraph (2) before a loan is paid in  
23                  full.”.

24 **SEC. 464. TERMS OF LOANS.**

25                  Section 464 (20 U.S.C. 1087dd) is amended—

1           (1) *in subsection (a), by amending paragraph*  
2           (2) *to read as follows:*

3           “(2)(A) *Except as provided in paragraph (4),*  
4           *the total of loans made to a student in any academic*  
5           *year or its equivalent by an institution of higher edu-*  
6           *cation from a loan fund established pursuant to an*  
7           *agreement under this part shall not exceed—*

8                   “(i) *\$4,000, in the case of a student who has*  
9                   *not successfully completed a program of under-*  
10                   *graduate education; or*

11                   “(ii) *\$6,000, in the case of a graduate or*  
12                   *professional student (as defined in regulations*  
13                   *issued by the Secretary).*

14           “(B) *Except as provided in paragraph (4), the*  
15           *aggregate of the loans for all years made to a student*  
16           *by institutions of higher education from loan funds*  
17           *established pursuant to agreements under this part*  
18           *may not exceed—*

19                   “(i) *\$40,000, in the case of any graduate or*  
20                   *professional student (as defined by regulations*  
21                   *issued by the Secretary, and including any loans*  
22                   *from such funds made to such person before such*  
23                   *person became a graduate or professional stu-*  
24                   *dent);*

1           “(ii) \$20,000, in the case of a student who  
2           has successfully completed 2 years of a program  
3           of education leading to a bachelor’s degree but  
4           who has not completed the work necessary for  
5           such a degree (determined under regulations  
6           issued by the Secretary, and including any loans  
7           from such funds made to such person before such  
8           person became such a student); and

9           “(iii) \$8,000, in the case of any other stu-  
10          dent.

11          “(C)(i) The total of loans made to a student de-  
12          scribed in clause (ii) in any academic year or its  
13          equivalent by an institution of higher education from  
14          loan funds established pursuant to agreements under  
15          this part may not exceed—

16               “(I) \$8,000 for each of the third and fourth  
17               years of the program of instruction leading to a  
18               bachelor’s degree; or

19               “(II) \$10,000 for the first year of graduate  
20               study (as defined in regulations issued by the  
21               Secretary).

22          “(ii) A student referred to in clause (i) is any  
23          student—

24               “(I) who is a junior in a program of in-  
25               struction leading to a bachelor’s degree;

1           “(II) who states in writing that the student  
2 will pursue a course of study to become an ele-  
3 mentary or secondary school teacher; and

4           “(III) who states in writing that the student  
5 intends to become a full-time teacher in a school  
6 which meets the requirements of section  
7 465(a)(2)(A).

8           “(iii) Each institution shall provide a report to  
9 the Secretary annually containing the number of  
10 loans under this subparagraph that are made, the  
11 amount of each loan, and whether students benefiting  
12 from the higher loan limits met the requirements for  
13 receiving those loans.

14           “(iv) If 3 years after the date of enactment of the  
15 Higher Education Amendments of 1998, the Secretary  
16 determines that an institution has engaged in a pat-  
17 tern of abuse of this subparagraph, the Secretary may  
18 reduce or terminate the institution’s Federal capital  
19 contribution.”;

20           (2) in subsection (b), by amending paragraph  
21 (2) to read as follows:

22           “(2) If the institution’s capital contribution  
23 under section 462 is directly or indirectly based in  
24 part on the financial need demonstrated by students  
25 who are (A) attending the institution less than full

1       *time; or (B) independent students, a reasonable por-*  
2       *tion of the loans made from the institution's student*  
3       *loan fund containing the contribution shall be made*  
4       *available to such students.”;*

5           *(3) in subsection (c)(1)—*

6               *(A) in subparagraph (D), by striking “(i) 3*  
7               *percent” and all that follows through “or (iii)”;*

8               *(B) by redesignating subparagraphs (H)*  
9               *and (I) as subparagraphs (I) and (J), respec-*  
10              *tively; and*

11              *(C) by inserting after subparagraph (G) the*  
12              *following:*

13                   *“(H) shall provide that, in the case of a*  
14                   *loan made on or after July 1, 1999, the loan*  
15                   *shall be considered in default (except as other-*  
16                   *wise provided in section 462(h)) if the borrower*  
17                   *of a loan made under this part fails to make an*  
18                   *installment payment when due, or to meet any*  
19                   *other term of the promissory note or written re-*  
20                   *payment agreement, and such failure persists*  
21                   *for—*

22                           *“(i) 180 days in the case of a loan that*  
23                           *is repayable in monthly installments; or*

1                   “(ii) 240 days in the case of a loan  
2                   that is repayable in less frequent install-  
3                   ments;”;

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

6                   “(7) There shall be excluded from the 9-month period  
7                   that begins on the date on which a student ceases to carry  
8                   at least one-half the normal full-time academic workload  
9                   as described in paragraph (1)(A) any period not to exceed  
10                  3 years during which a borrower who is a member of a  
11                  reserve component of the Armed Forces named in section  
12                  10101 of title 10, United States Code, is called or ordered  
13                  to active duty for a period of more than 30 days (as defined  
14                  in section 101(d)(2) of such title). Such period of exclusion  
15                  shall include the period necessary to resume enrollment at  
16                  the borrower’s next available regular enrollment period.”;  
17                  and

18                  (5) by adding at the end the following:

19                  “(g) DISCHARGE.—

20                  “(1) IN GENERAL.—If a student borrower who  
21                  received a loan made under this part on or after Jan-  
22                  uary 1, 1986, is unable to complete the program in  
23                  which such student is enrolled due to the closure of the  
24                  institution, then the Secretary shall discharge the bor-  
25                  rower’s liability on the loan (including the interest

1     *and collection fees) by repaying the amount owed on*  
2     *the loan and shall subsequently pursue any claim*  
3     *available to such borrower against the institution and*  
4     *the institution's affiliates and principals, or settle the*  
5     *loan obligation pursuant to the financial responsibil-*  
6     *ity standards described in section 498(c).*

7             “(2) *ASSIGNMENT.*—A borrower whose loan has  
8     *been discharged pursuant to this subsection shall be*  
9     *deemed to have assigned to the United States the right*  
10    *to a loan refund in an amount that does not exceed*  
11    *the amount discharged against the institution and the*  
12    *institution's affiliates and principals.*

13            “(3) *ELIGIBILITY FOR ADDITIONAL ASSIST-*  
14    *ANCE.*—The period during which a student was un-  
15    *able to complete a course of study due to the closing*  
16    *of the institution shall not be considered for purposes*  
17    *of calculating the student's period of eligibility for ad-*  
18    *ditional assistance under this title.*

19            “(4) *SPECIAL RULE.*—A borrower whose loan has  
20    *been discharged pursuant to this subsection shall not*  
21    *be precluded, because of that discharge, from receiving*  
22    *additional grant, loan, or work assistance under this*  
23    *title for which the borrower would be otherwise eligi-*  
24    *ble (but for the default on the discharged loan).*

1           “(5) *REPORTING.*—*The Secretary or institution,*  
2           *as the case may be, shall report to credit bureaus with*  
3           *respect to loans that have been discharged pursuant to*  
4           *this subsection.*

5           “(h) *REHABILITATION OF LOANS.*—

6           “(1) *REHABILITATION.*—

7           “(A) *IN GENERAL.*—*If the borrower of a*  
8           *loan made under this part who has defaulted on*  
9           *the loan makes 12 ontime, consecutive, monthly*  
10           *payments of amounts owed on the loan, as deter-*  
11           *mined by the institution, the loan shall be con-*  
12           *sidered rehabilitated, and the institution that*  
13           *made that loan (or the Secretary, in the case of*  
14           *a loan held by the Secretary) shall instruct any*  
15           *credit bureau organization or credit reporting*  
16           *agency to which the default was reported to re-*  
17           *move the default from the borrower’s credit his-*  
18           *tory.*

19           “(B) *COMPARABLE CONDITIONS.*—*As long*  
20           *as the borrower continues to make scheduled re-*  
21           *payments on a loan rehabilitated under this*  
22           *paragraph, the rehabilitated loan shall be subject*  
23           *to the same terms and conditions, and qualify*  
24           *for the same benefits and privileges, as other*  
25           *loans made under this part.*

1           “(C) *ADDITIONAL ASSISTANCE.*—*The bor-*  
2           *rower of a rehabilitated loan shall not be pre-*  
3           *cluded by section 484 from receiving additional*  
4           *grant, loan, or work assistance under this title*  
5           *(for which the borrower is otherwise eligible) on*  
6           *the basis of defaulting on the loan prior to such*  
7           *rehabilitation.*

8           “(D) *LIMITATIONS.*—*A borrower only once*  
9           *may obtain the benefit of this paragraph with*  
10          *respect to rehabilitating a loan under this part.*

11          “(2) *RESTORATION OF ELIGIBILITY.*—*If the bor-*  
12          *rower of a loan made under this part who has de-*  
13          *faulted on that loan makes 6 ontime, consecutive,*  
14          *monthly payments of amounts owed on such loan, the*  
15          *borrower’s eligibility for grant, loan, or work assist-*  
16          *ance under this title shall be restored. A borrower*  
17          *only once may obtain the benefit of this paragraph*  
18          *with respect to restored eligibility.*

19          “(i) *INCENTIVE REPAYMENT PROGRAM.*—

20          “(1) *IN GENERAL.*—*Each institution of higher*  
21          *education may establish, with the approval of the Sec-*  
22          *retary, an incentive repayment program designed to*  
23          *reduce default and to replenish student loan funds es-*  
24          *tablished under this part. Each such incentive repay-*  
25          *ment program may—*

1           “(A) offer a reduction of the interest rate on  
2           a loan on which the borrower has made 48  
3           ontime, consecutive, monthly repayments, but in  
4           no event may the rate be reduced by more than  
5           1 percent;

6           “(B) provide for a discount on the balance  
7           owed on a loan on which the borrower pays the  
8           principal and interest in full prior to the end of  
9           the applicable repayment period, but in no event  
10          may the discount exceed 5 percent of the unpaid  
11          principal balance due on the loan at the time the  
12          early repayment is made; and

13          “(C) include such other incentive repayment  
14          options as the institution determines will carry  
15          out the objectives of this subsection.

16          “(2) *LIMITATION.*—No incentive repayment op-  
17          tion under an incentive repayment program author-  
18          ized by this subsection may be paid for with Federal  
19          funds, including any Federal funds from the student  
20          loan fund, nor can an incentive repayment option be  
21          paid for with institutional funds from the student  
22          loan fund.”.

23 **SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN**  
24 **FUNDS.**

25          Section 466 (20 U.S.C. 1087ff) is amended—

1 (1) in subsection (a)—

2 (A) in the matter preceding paragraph

3 (1)—

4 (i) by striking “1996” and inserting  
5 “2003”; and

6 (ii) by striking “1997” and inserting  
7 “2004”; and

8 (B) in paragraph (1), by striking “1996”  
9 and inserting “2003”;

10 (2) in subsection (b)—

11 (A) by striking “2005” and inserting  
12 “2012”; and

13 (B) by striking “1996” and inserting  
14 “2003”; and

15 (3) in subsection (c), by striking “1997” and in-  
16 serting “2004”.

17 **SEC. 466. PERKINS LOAN REVOLVING FUND.**

18 (a) *REPEAL.*—Subsection (c) of section 467 (20 U.S.C.  
19 1087gg(c)) is repealed.

20 (b) *TRANSFER OF BALANCE.*—Any funds in the Per-  
21 kins Loan Revolving Fund on the date of enactment of this  
22 Act shall be transferred to and deposited in the Treasury.

23 **PART F—NEED ANALYSIS**

24 **SEC. 471. COST OF ATTENDANCE.**

25 Section 472 (20 U.S.C. 1087ll) is amended—

1           (1) in paragraph (3)—

2                   (A) in subparagraph (A), by striking “of  
3                   not less than \$1,500” and inserting “determined  
4                   by the institution”; and

5                   (B) in subparagraph (C), by striking “, ex-  
6                   cept that the amount may not be less than  
7                   \$2,500”; and

8           (2) in paragraph (11), by striking “placed” and  
9           inserting “engaged”.

10 **SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STU-**  
11 **DENTS.**

12           Section 475 (20 U.S.C. 108700) is amended—

13           (1) in subsection (g)—

14                   (A) in paragraph (2)—

15                           (i) in subparagraph (D)—

16                                   (I) by striking “\$1,750” and in-  
17                                   serting “\$2,200”; and

18                                   (II) by striking “and” after the  
19                                   semicolon;

20                           (ii) in subparagraph (E), by striking  
21                           the period and inserting “; and”; and

22                           (iii) by adding at the end the follow-  
23                           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. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAM-**  
7                                    **ILY CONTRIBUTION.**

8       Section 479 (20 U.S.C. 1087ss) is amended—

9               (1) in subsection (b)(3)—

10                   (A) in subparagraph (A), by striking “or”  
11                   after the semicolon;

12                   (B) by redesignating subparagraph (B) as  
13                   subparagraph (C); and

14                   (C) by inserting after subparagraph (A) the  
15                   following:

16                   “(B) a form 1040 (including any prepared  
17                   or electronic version of such form) required pur-  
18                   suant to the Internal Revenue Code of 1986, ex-  
19                   cept that such form shall be considered a form  
20                   described in this paragraph only if the student  
21                   or family files such form in order to take a tax  
22                   credit under section 25A of the Internal Revenue  
23                   Code of 1986, and would otherwise be eligible to  
24                   file a form described in subparagraph (A); or”;  
25                   and

1           (2) *in subsection (c)—*

2                   (A) *in paragraph (1), by amending sub-*  
3 *paragraph (A) to read as follows:*

4                   “*(A)(i) the student’s parents file, or are eli-*  
5 *gible to file, a form described in subsection*  
6 *(b)(3), or the parents certify to the Secretary*  
7 *that the parents are not required to file an in-*  
8 *come tax return; and*

9                   “*(ii) the student files, or is eligible to file,*  
10 *a form described in subsection (b)(3), or the stu-*  
11 *dent certifies to the Secretary that the student is*  
12 *not required to file an income tax return; and”;*  
13 *and*

14                   (B) *in paragraph (2), by amending sub-*  
15 *paragraph (A) to read as follows:*

16                   “*(A) the student (and the student’s spouse,*  
17 *if any) files, or is eligible to file, a form de-*  
18 *scribed in subsection (b)(3), or the student cer-*  
19 *tifies to the Secretary that the student (and the*  
20 *student’s spouse, if any) is not required to file*  
21 *an income tax return; and”.*

22 **SEC. 476. REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-**  
23 **CATIONS.**

24           Section 479A (20 U.S.C. 1087tt) is amended—

1           (1) *in subsection (a), by inserting “Special cir-*  
2           *cumstances may include tuition expenses at an ele-*  
3           *mentary school or secondary school, medical or dental*  
4           *expenses not covered by insurance, other changes in a*  
5           *family’s income or assets, or changes in a student’s*  
6           *status.” after “absence of special circumstances.”; and*

7           (2) *by amending subsection (c) to read as fol-*  
8           *lows:*

9           “(c) *REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-*  
10          *CATIONS.—An eligible institution may refuse to certify a*  
11          *statement that permits a student to receive a loan under*  
12          *part B, or refuse to make a loan under part D, or may*  
13          *certify a loan amount or make a loan that is less than the*  
14          *student’s determination of need (as determined under this*  
15          *part), if the reason for the action is documented and pro-*  
16          *vided in written form to the student. No eligible institution*  
17          *shall discriminate against any borrower or applicant in ob-*  
18          *taining a loan on the basis of race, national origin, reli-*  
19          *gion, sex, marital status, age, or disability status.”.*

20          **SEC. 477. TREATMENT OF OTHER FINANCIAL ASSISTANCE.**

21           *Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended*  
22           *by inserting “educational assistance after discharge or re-*  
23           *lease from service under chapter 30 of title 38, United*  
24           *States Code, or” after “paragraph (1),”.*

1                   **PART G—GENERAL PROVISIONS**

2   **SEC. 481. DEFINITION OF INSTITUTION OF HIGHER EDU-**  
3                   **CATION.**

4           *Subparagraph (A) of section 481(a)(2) (20 U.S.C.*  
5   *1088(a)(2)) is amended—*

6                   (1) *in the second sentence, by inserting “or vet-*  
7                   *erinary” after “case of a graduate medical”;*

8                   (2) *by striking “attending a graduate medical*  
9                   *school” and inserting “attending such school”; and*

10                  (3) *by amending clause (ii) to read as follows:*

11                               *“(ii) the institution has a clinical*  
12                               *training program that was approved by a*  
13                               *State as of January 1, 1992, or students en-*  
14                               *rolled in the institution complete their clini-*  
15                               *cal training at an approved veterinary*  
16                               *school located in the United States.”.*

17   **SEC. 482. MASTER CALENDAR.**

18           *Section 482 (20 U.S.C. 1089) is amended—*

19                   (1) *in subsection (a), by adding at the end the*  
20                   *following:*

21                               *“(3) To the extent feasible, the Secretary shall*  
22                               *notify eligible institutions and vendors by December*  
23                               *1 prior to the start of an award year of minimal*  
24                               *hardware and software requirements necessary to ad-*  
25                               *minister programs under this title.”; and*

1           (2) by amending subsection (c) to read as fol-  
2       lows:

3           “(c) *DELAY OF EFFECTIVE DATE OF LATE PUBLICA-*  
4 *TIONS.—(1) Except as provided in paragraph (2), any reg-*  
5 *ulatory changes initiated by the Secretary affecting the pro-*  
6 *grams under this title that have not been published in final*  
7 *form by November 1 prior to the start of the award year*  
8 *shall not become effective until the beginning of the second*  
9 *award year after such November 1 date.*

10          “(2)(A) *The Secretary may designate any regulatory*  
11 *provision that affects the programs under this title and is*  
12 *published in final form after November 1 as one that an*  
13 *entity subject to the provision may, in the entity’s discre-*  
14 *tion, choose to implement prior to the effective date de-*  
15 *scribed in paragraph (1). The Secretary may specify in the*  
16 *designation when, and under what conditions, an entity*  
17 *may implement the provision prior to that effective date.*  
18 *The Secretary shall publish any designation under this sub-*  
19 *paragraph in the Federal Register.*

20          “(B) *If an entity chooses to implement a regulatory*  
21 *provision prior to the effective date described in paragraph*  
22 *(1), as permitted by subparagraph (A), the provision shall*  
23 *be effective with respect to that entity in accordance with*  
24 *the terms of the Secretary’s designation.”.*

1 **SEC. 483. FORMS AND REGULATIONS.**

2 *Section 483 (20 U.S.C. 1090) is amended—*

3 *(1) in subsection (a)—*

4 *(A) in the subsection heading, by striking*

5 *“FORM” and inserting “FORM DEVELOPMENT”;*

6 *(B) by amending paragraph (1) to read as*

7 *follows:*

8 *“(1) SINGLE FORM REQUIREMENTS.—The Sec-*  
9 *retary, in cooperation with representatives of agencies*  
10 *and organizations involved in student financial as-*  
11 *sistance, shall produce, distribute, and process free of*  
12 *charge a common financial reporting form (which*  
13 *shall include electronic versions of the form) to be*  
14 *used—*

15 *“(A) to determine the need (including the*  
16 *expected family contribution and, if appropriate,*  
17 *cost of attendance) and eligibility of a student*  
18 *for financial assistance under parts A, C, D, and*  
19 *E; and*

20 *“(B) to determine the need (including the*  
21 *expected family contribution and cost of attend-*  
22 *ance) of a student for the purposes of part B.*

23 *“(2) STATE DATA ITEMS.—The Secretary shall*  
24 *include on the form developed under this subsection*  
25 *such data items, selected in consultation with the*  
26 *States to assist the States in awarding State student*

1       *financial assistance, as the Secretary determines are*  
2       *appropriate for inclusion.*

3               “(3) *PARENT’S SOCIAL SECURITY NUMBER.*—*The*  
4       *Secretary shall include on the form developed under*  
5       *this paragraph space for the social security number*  
6       *of parents of dependent students seeking financial as-*  
7       *sistance under this title.*

8               “(4) *USE.*—*The Secretary shall require that the*  
9       *form developed under this paragraph be used for the*  
10       *purpose of collecting eligibility and other data for*  
11       *purposes of part B, including the applicant’s choice*  
12       *of lender.”; and*

13               (C) *in paragraph (3)*—

14                       (i) *by striking “Institutions of higher*  
15                       *education and States shall receive” and in-*  
16                       *serting “The Secretary shall provide”; and*

17                       (ii) *by striking “by the Secretary”;*  
18                       *and*

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

20               “(g) *PAYMENT FOR DATA.*—*The Secretary may pay*  
21       *such charges as the Secretary determines are necessary to*  
22       *obtain data that the Secretary considers essential to the effi-*  
23       *cient administration of the programs under this title.*

24               “(h) *MASTER PROMISSORY NOTE.*—

1           “(1) *IN GENERAL.*—*The Secretary shall develop*  
2           *and require the use of a master promissory note, for*  
3           *loans made under this title for periods of enrollment*  
4           *beginning on or after July 1, 2000, that may be ap-*  
5           *licable to more than 1 academic year, or more than*  
6           *1 type of loan made under this title. Prior to imple-*  
7           *menting the master promissory note for all loans*  
8           *made under this title, the Secretary may develop, test,*  
9           *and require the use of such a master promissory note*  
10          *on a limited or pilot basis.*

11          “(2) *CONSULTATION.*—*In developing the master*  
12          *promissory note under this subsection, the Secretary*  
13          *shall consult with representatives of guaranty agen-*  
14          *cies, eligible lenders, institutions of higher education,*  
15          *students, and organizations involved in student fi-*  
16          *nancial assistance.*

17          “(3) *SALE; ASSIGNMENT; ENFORCEABILITY.*—  
18          *Notwithstanding any other provision of law, each*  
19          *loan made under a master promissory note under this*  
20          *subsection may be sold or assigned independently of*  
21          *any other loan made under the same promissory note*  
22          *and each such loan shall be separately enforceable in*  
23          *all Federal and State courts on the basis of an origi-*  
24          *nal or copy of the master promissory note in accord-*  
25          *ance with the terms of the master promissory note.”.*

1 **SEC. 484. STUDENT ELIGIBILITY.**

2 (a) *AMENDMENTS.*—Section 484 (20 U.S.C. 1091) is  
3 amended—

4 (1) *in subsection (d)*—

5 (A) *in the matter preceding paragraph (1),*  
6 *by striking “either”; and*

7 (B) *by adding at the end the following:*

8 “(3) *The student has completed a high school*  
9 *education in a home school setting and has met any*  
10 *State requirements with respect to such education in*  
11 *a home school setting.”;*

12 (2) *in subsection (l), by amending paragraph (1)*  
13 *to read as follows:*

14 “(1) *RELATION TO CORRESPONDENCE*  
15 *COURSES.*—

16 “(A) *IN GENERAL.*—*A student enrolled in a*  
17 *course of instruction at an institution of higher*  
18 *education that is offered in whole or in part*  
19 *through telecommunications and leads to a recog-*  
20 *nized certificate for a program of study of 1 year*  
21 *or longer, or a recognized associate, bacca-*  
22 *laureate, or graduate degree, conferred by such*  
23 *institution, shall not be considered to be enrolled*  
24 *in correspondence courses unless the total*  
25 *amount of telecommunications and correspond-*  
26 *ence courses at such institution equals or exceeds*

1           50 percent of the total amount of all courses at  
2           the institution.

3           “(B) *REQUIREMENT.*—An institution of  
4           higher education referred to in subparagraph (A)  
5           is an institution of higher education—

6                   “(i) that is not an institute or school  
7                   described in section 521(4)(C) of the Carl  
8                   D. Perkins Vocational and Applied Tech-  
9                   nology Education Act; and

10                   “(ii) for which at least 50 percent of  
11                   the programs of study offered by the institu-  
12                   tion lead to the award of a recognized asso-  
13                   ciate, baccalaureate, or graduate degree.”;  
14                   and

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

16           “(q) *VERIFICATION OF IRS RETURN INFORMATION.*—  
17           The Secretary shall verify the information reported by all  
18           applicants for assistance on the form prescribed under sec-  
19           tion 483 with the return information (as defined in section  
20           6103 of the Internal Revenue Code of 1986) available to  
21           the Secretary of the Treasury. Notwithstanding section 6103  
22           of such Code the Secretary of the Treasury shall provide  
23           the return information to the Secretary. In the case of a  
24           dependent student the return information shall include the  
25           return information of the parent of the student. The form

1 *prescribed by the Secretary under section 483 shall contain*  
 2 *a prominent notice of the verification of the information*  
 3 *and a warning to all the applicants of the penalties for*  
 4 *misrepresentation, with respect to the information, under*  
 5 *the United States Code.*

6       “(r) *SUSPENSION OF ELIGIBILITY FOR DRUG-RELAT-*  
 7 *ED OFFENSES.*—

8               “(1) *IN GENERAL.*—*A student who has been con-*  
 9 *victed of any offense under any Federal or State law*  
 10 *involving the possession or sale of a controlled sub-*  
 11 *stance shall not be eligible to receive any grant, loan,*  
 12 *or work assistance under this title during the period*  
 13 *beginning on the date of such conviction and ending*  
 14 *after the interval specified in the following table:*

**“If convicted of an offense involving:**

**The possession of a con-**  
**trolled 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:**

15               “(2) *REHABILITATION.*—*A student whose eligi-*  
 16 *bility has been suspended under paragraph (1) may*  
 17 *resume eligibility before the end of the ineligibility pe-*  
 18 *riod determined under such paragraph if—*

19                       “(A) *the student satisfactorily completes a*  
 20 *drug rehabilitation program that—*

1           “(i) complies with such criteria as the  
2           Secretary shall prescribe in regulations for  
3           purposes of this paragraph; and

4           “(ii) includes 2 unannounced drug  
5           tests; or

6           “(B) the conviction is expunged by pardon,  
7           reversed, set aside, or otherwise rendered nug-  
8           atory.

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. 485. INSTITUTIONAL REFUNDS.**

19          Section 484B (20 U.S.C. 1091b) is amended to read  
20          as follows:

21          **“SEC. 484B. INSTITUTIONAL REFUNDS.**

22                  “(a) *RETURN OF TITLE IV FUNDS.*—

23                          “(1) *IN GENERAL.*—If a recipient of assistance  
24                          under this title withdraws from a payment period in  
25                          which the recipient began attendance, the amount of

1        *grant (other than assistance received under part C of*  
2        *this title) or loan assistance to be returned to the title*  
3        *IV programs is calculated according to paragraph (2)*  
4        *and returned in accordance with subsection (b).*

5                *“(2) CALCULATION OF AMOUNT OF TITLE IV AS-*  
6        *SISTANCE EARNED.—*

7                *“(A) IN GENERAL.—The amount of grant or*  
8        *loan assistance under this title that is earned by*  
9        *the recipient for purposes of this section is cal-*  
10        *culated by—*

11                *“(i) determining the percentage of*  
12        *grant and loan assistance under this title*  
13        *that has been earned by the student, as de-*  
14        *scribed in subparagraph (B); and*

15                *“(ii) applying such percentage to the*  
16        *total amount of such grant and loan assist-*  
17        *ance that was disbursed (and that could*  
18        *have been disbursed) to the student, or on*  
19        *the student’s behalf, for the payment period,*  
20        *as of the day the student withdrew.*

21                *“(B) PERCENTAGE EARNED.—For purposes*  
22        *of subparagraph (A)(i), the percentage of grant*  
23        *or loan assistance under this title that has been*  
24        *earned by the student is—*

1           “(i) equal to the percentage of the pay-  
2           ment period completed (as determined in  
3           accordance with subsection (d)) as of the  
4           day the student withdrew, provided that  
5           such date occurs on or before the completion  
6           of 60 percent of the payment period; or

7           “(ii) 100 percent, if the day the stu-  
8           dent withdrew occurs after the student has  
9           completed 60 percent of the payment period.

10          “(C) *PERCENTAGE NOT EARNED.*—For pur-  
11          poses of subsection (b), the amount of grant and  
12          loan assistance awarded under this title that has  
13          not been earned by the student shall be calculated  
14          by—

15               “(i) determining the complement of the  
16               percentage of grant or loan assistance under  
17               this title has been earned by the student de-  
18               scribed in subparagraph (B); and

19               “(ii) applying the percentage deter-  
20               mined under clause (i) to the total amount  
21               of such grant and loan assistance that was  
22               disbursed (and that could have been dis-  
23               bursed) to the student, or on the student’s  
24               behalf, for the payment period, as of the day  
25               the student withdrew.

1           “(3) *DIFFERENCES BETWEEN AMOUNTS EARNED*  
2           *AND AMOUNTS RECEIVED.*—

3           “(A) *IN GENERAL.*—*If the student has re-*  
4           *ceived less grant or loan assistance than the*  
5           *amount earned, as calculated under paragraph*  
6           *(2)(B), the institution of higher education shall*  
7           *comply with the procedures for late disbursement*  
8           *specified by the Secretary in regulations.*

9           “(B) *RETURN.*—*If the student has received*  
10           *more grant or loan assistance than the amount*  
11           *earned, as calculated under paragraph (2)(B),*  
12           *the unearned funds shall be returned by the in-*  
13           *stitution or the student, or both, as may be re-*  
14           *quired under paragraphs (1) and (2) of sub-*  
15           *section (b), to the programs under this title in*  
16           *the order specified in subsection (b)(3).*

17           “(b) *RETURN OF TITLE IV PROGRAM FUNDS.*—

18           “(1) *RESPONSIBILITY OF THE INSTITUTION.*—  
19           *The institution shall return, in the order specified in*  
20           *paragraph (3), the lesser of—*

21           “(A) *the amount of grant and loan assist-*  
22           *ance awarded under this title that has not been*  
23           *earned by the student, as calculated under sub-*  
24           *section (a)(2)(C); or*

25           “(B) *an amount equal to—*

1           “(i) the total institutional charges for  
2           the payment period; multiplied by

3           “(ii) the percentage of grant and loan  
4           assistance awarded under this title that has  
5           not been earned by the student, as described  
6           in subsection (a)(2)(C).

7           “(2) *RESPONSIBILITY OF THE STUDENT.*—

8           “(A) *IN GENERAL.*—The student shall re-  
9           turn assistance that has not been earned by the  
10          student as described in subsection (a)(2)(C) in  
11          the order specified in paragraph (3) minus the  
12          amount the institution is required to return  
13          under paragraph (1).

14          “(B) *SPECIAL RULE.*—The student shall re-  
15          turn or repay, as appropriate, the amount deter-  
16          mined under subparagraph (A) to—

17                 “(i) a loan program under this title in  
18                 accordance with the terms of the loan; and

19                 “(ii) a grant program under this title,  
20                 as an overpayment of such grant and shall  
21                 be subject to overpayment collection proce-  
22                 dures prescribed by the Secretary.

23          “(3) *ORDER OF RETURN OF TITLE IV FUNDS.*—

24                 “(A) *IN GENERAL.*—Excess funds returned  
25                 by the institution or the student, as appropriate,

1           *in accordance with paragraph (1) or (2), respec-*  
2           *tively, shall be credited to outstanding balances*  
3           *on loans made under this title to the student or*  
4           *on behalf of the student for the payment period*  
5           *for which a return of funds is required. Such ex-*  
6           *cess funds shall be credited in the following*  
7           *order:*

8                   “(i) *To outstanding balances on loans*  
9                   *made under section 428H for the payment*  
10                  *period for which a return of funds is re-*  
11                  *quired.*

12                  “(ii) *To outstanding balances on loans*  
13                  *made under section 428 for the payment pe-*  
14                  *riod for which a return of funds is required.*

15                  “(iii) *To outstanding balances on un-*  
16                  *subsidized loans (other than parent loans)*  
17                  *made under part D for the payment period*  
18                  *for which a return of funds is required.*

19                  “(iv) *To outstanding balances on sub-*  
20                  *sidized loans made under part D for the*  
21                  *payment period for which a return of funds*  
22                  *is required.*

23                  “(v) *To outstanding balances on loans*  
24                  *made under part E for the payment period*  
25                  *for which a return of funds is required.*

1           “(vi) *To outstanding balances on loans*  
2           *made under section 428B for the payment*  
3           *period for which a return of funds is re-*  
4           *quired.*

5           “(vii) *To outstanding balances on par-*  
6           *ent loans made under part D for the pay-*  
7           *ment period for which a return of funds is*  
8           *required.*

9           “(B) *REMAINING EXCESSES.—If excess*  
10          *funds remain after repaying all outstanding*  
11          *loan amounts, the remaining excess shall be cred-*  
12          *ited in the following order:*

13           “(i) *To awards under subpart 1 of*  
14           *part A for the payment period for which a*  
15           *return of funds is required.*

16           “(ii) *To awards under subpart 3 of*  
17           *part A for the payment period for which a*  
18           *return of funds is required.*

19           “(iii) *To other assistance awarded*  
20           *under this title for which a return of funds*  
21           *is required.*

22          “(c) *WITHDRAWAL DATE.—*

23           “(1) *IN GENERAL.—In this section, the term ‘day*  
24           *the student withdrew’—*

1           “(A) is the date that the institution deter-  
2           mines—

3                   “(i) the student began the withdrawal  
4           process prescribed by the institution;

5                   “(ii) the student otherwise provided of-  
6           ficial notification to the institution of the  
7           intent to withdraw; or

8                   “(iii) in the case of a student who does  
9           not begin the withdrawal process or other-  
10          wise notify the institution of the intent to  
11          withdraw, the date that the payment period  
12          ends for which aid under this title was dis-  
13          bursed; or

14                  “(B) for schools required to take attendance,  
15          is determined by the institution from such at-  
16          tendance records.

17                  “(2) *SPECIAL RULE.*—Notwithstanding para-  
18          graph (1), if the institution determines that a student  
19          was not able to begin the withdrawal process, or oth-  
20          erwise notify the institution of the intent to with-  
21          draw, due to illness, accident, grievous personal loss,  
22          or other such circumstances beyond the student’s con-  
23          trol, the institution may determine the appropriate  
24          withdrawal date.

1       “(d) *PERCENTAGE OF THE PAYMENT PERIOD COM-*  
2 *PLETED.—For purposes of subsection (a)(2)(B)(i), the per-*  
3 *centage of the payment period completed is determined—*

4               “(1) *in the case of a program that is measured*  
5 *in credit hours, by dividing the total number of cal-*  
6 *endar days comprising the payment period into the*  
7 *number of calendar days completed in that period as*  
8 *of the day the student withdrew; and*

9               “(2) *in the case of a program that is measured*  
10 *in clock hours, by dividing the total number of clock*  
11 *hours comprising the payment period into the number*  
12 *of clock hours completed by the student in that pay-*  
13 *ment period as of the day the student withdrew.”.*

14 **SEC. 486. INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-**  
15 **FORMATION FOR STUDENTS.**

16       (a) *INFORMATION DISSEMINATION ACTIVITIES.—Sec-*  
17 *tion 485(a) (20 U.S.C. 1092(a)) is amended—*

18               (1) *in paragraph (1)—*

19                       (A) *in the second sentence, by striking “,*  
20 *through appropriate publications and mailings,*  
21 *to all current students, and to any prospective*  
22 *student upon request.” and inserting “upon re-*  
23 *quest, through appropriate publications, mail-*  
24 *ings, and electronic media to an enrolled stu-*  
25 *dent, and to any prospective student.”;*

1           (B) by inserting after the second sentence  
2 the following: “Each eligible institution annually  
3 shall provide to all students enrolled at the insti-  
4 tution, a list of the information that is required  
5 by this section, together with a statement of the  
6 procedures required to obtain the information.”;

7           (C) by amending subparagraph (F) to read  
8 as follows:

9           “(F) a statement of—

10           “(i) the requirements of any refund  
11 policy with which the institution is required  
12 to comply;

13           “(ii) the requirements under section  
14 484B for the return of grant or loan assist-  
15 ance provided under this title; and

16           “(iii) the requirements for officially  
17 withdrawing from the institution;”;

18           (D) in subparagraph (M)(ii), by striking  
19 “and” after the semicolon; and

20           (E) in subparagraph (N), by striking the  
21 period and inserting “; and”;

22           (2) in paragraph (2), by inserting “an applica-  
23 tion for” after “concerning”; and

24           (3) in paragraph (3), by amending subpara-  
25 graph (A) to read as follows:

1                   “(A) shall be made available by July 1 each  
2                   year to current and prospective students prior to  
3                   enrolling or entering into any financial obliga-  
4                   tion; and”.

5           (b) *EXIT COUNSELING FOR BORROWERS*.—Section  
6 485(b) (20 U.S.C. 1092(b)) is amended—

7                   (1) in paragraph (1)(A), by striking “(individ-  
8                   ually or in groups)”; and

9                   (2) in paragraph (2), by adding at the end the  
10                  following:

11                  “(C) Nothing in this subsection shall be construed to  
12                  prohibit an institution of higher education from utilizing  
13                  electronic means to provide personalized exit counseling.”.

14           (c) *DISCLOSURES REQUIRED WITH RESPECT TO ATH-*  
15 *LETICALLY RELATED STUDENT AID*.—Section 485(e) (20  
16 U.S.C. 1092(e)) is amended—

17                   (1) by amending paragraph (2) to read as fol-  
18                  lows:

19                   “(2) When an institution described in paragraph  
20                  (1) offers a potential student athlete athletically relat-  
21                  ed student aid, such institution shall provide to the  
22                  student, the student’s parents, the student’s guidance  
23                  counselor, and the student’s coach the information  
24                  contained in the report submitted by such institution  
25                  pursuant to paragraph (1). If the institution is a

1       *member of a national collegiate athletic association*  
2       *that compiles graduation rate data on behalf of its*  
3       *member institutions, that the Secretary determines is*  
4       *substantially comparable to the information described*  
5       *in the previous sentence, the distribution of the com-*  
6       *pilation to all secondary schools shall fulfill the re-*  
7       *sponsibility of the institution to provide the informa-*  
8       *tion to a prospective student athlete’s guidance coun-*  
9       *selor and coach.”; and*

10               *(2) by amending paragraph (9) to read as fol-*  
11       *lows:*

12               *“(9) The reports required by this subsection shall*  
13       *be due each July 1 and shall cover the 1-year period*  
14       *ending August 31 of the preceding year.”.*

15       *(d) DISCLOSURE OF CAMPUS SECURITY POLICY AND*  
16       *CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C.*  
17       *1092(f)) is amended—*

18               *(1) by amending subparagraph (F) of paragraph*  
19       *(1) to read as follows:*

20               *“(F) Statistics concerning the occurrence on*  
21       *campus, during the most recent calendar year,*  
22       *and during the 2 preceding calendar years for*  
23       *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 non-  
8                   forcible;

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 (7)  
25           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 po-  
5           lice or security department of any kind shall make,  
6           keep, and maintain a daily log, written in a form  
7           that can be easily understood, recording all crimes re-  
8           ported to such police or security department, includ-  
9           ing—

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 to  
15           this paragraph shall, except where disclosure of such  
16           information is prohibited by law or such disclosure  
17           would jeopardize the confidentiality of the victim, be  
18           open to public inspection within 2 business days of  
19           the initial report being made to the department or a  
20           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 infor-

1        *mation becomes available to the police or security de-*  
2        *partment.*

3            *“(iii) Where there is clear and convincing evi-*  
4        *dence that the release of such information would jeop-*  
5        *ardize an ongoing criminal investigation or the safety*  
6        *of an individual, cause a suspect to flee or evade de-*  
7        *tection, or result in the destruction of evidence, such*  
8        *information may be withheld until that damage is no*  
9        *longer likely to occur from the release of such infor-*  
10       *mation.*

11           *“(iv) Notwithstanding clause (iii), an institution*  
12       *of higher education shall record all criminal incidents*  
13       *occurring on campus and shall make the reports open*  
14       *to public inspection not later than 2 business days*  
15       *after the requirements of clause (iii) are met.”;*

16           *(4) in paragraph (6) (as redesignated by para-*  
17       *graph (2)), by amending subparagraph (A) to read as*  
18       *follows: “(A) For purposes of this section the term*  
19       *‘campus’ means—*

20           *“(i) any building or property owned or con-*  
21       *trolled by an institution of higher education*  
22       *within the same reasonably contiguous geo-*  
23       *graphic area of the institution, including a*  
24       *building or property owned by the institution,*

1           *but controlled by another person, such as a food*  
2           *or other retail vendor;*

3           “(ii) *any building or property owned or*  
4           *controlled by a student organization recognized*  
5           *by the institution;*

6           “(iii) *all public property that is within the*  
7           *same reasonably contiguous geographic area of*  
8           *the institution, such as a sidewalk, a street, other*  
9           *thoroughfare, or parking facility, that is adjacent*  
10          *to a facility owned or controlled by the institu-*  
11          *tion;*

12          “(iv) *any building or property (other than*  
13          *a branch campus) owned or controlled by an in-*  
14          *stitution of higher education that is used in di-*  
15          *rect support of, or in relation to, the institution’s*  
16          *educational purposes, is used by students, and is*  
17          *not within the same reasonably contiguous geo-*  
18          *graphic area of the institution; and*

19          “(v) *all dormitories or other student resi-*  
20          *dential facilities owned or controlled by the in-*  
21          *stitution.”;*

22          (5) *in paragraph (7) (as redesignated by sub-*  
23          *paragraph (B)), by inserting at the end the following:*

24          “*Such statistics shall not identify victims of crimes or*

1 *persons accused of crimes, except as required by State*  
2 *or local law.”; and*

3 *(6) by adding at the end the following:*

4 *“(9) STUDY.—*

5 *“(A) IN GENERAL.—The Secretary, in con-*  
6 *sultation with the Attorney General, shall pro-*  
7 *vide for a national study to examine procedures*  
8 *undertaken after an institution of higher edu-*  
9 *cation receives a report of sexual assault.*

10 *“(B) REPORT.—The study required by sub-*  
11 *paragraph (A) shall include an analysis of—*

12 *“(i) the existence and publication of*  
13 *the institution of higher education’s and*  
14 *State’s definition of sexual assault;*

15 *“(ii) the existence and publication of*  
16 *the institution’s policy for campus sexual*  
17 *assaults;*

18 *“(iii) the individuals to whom reports*  
19 *of sexual assault are given most often and—*

20 *“(I) how the individuals are*  
21 *trained to respond to the reports; and*

22 *“(II) the extent to which the indi-*  
23 *viduals are trained;*

1           “(iv) the reporting options that are ar-  
2           ticated to the victim or victims of the sex-  
3           ual assault regarding—

4                   “(I) on-campus reporting and  
5                   procedure options; and

6                   “(II) off-campus reporting and  
7                   procedure options;

8           “(v) the resources available for victims’  
9           safety, support, medical health, and con-  
10          fidentiality, including—

11                   “(I) how well the resources are ar-  
12                   ticated both specifically to the victim  
13                   of sexual assault and generally to the  
14                   campus at large; and

15                   “(II) the security of the resources  
16                   in terms of confidentiality or reputa-  
17                   tion;

18           “(vi) policies and practices that may  
19           prevent or discourage the reporting of cam-  
20           pus sexual assaults to local crime authori-  
21           ties, or that may otherwise obstruct justice  
22           or interfere with the prosecution of per-  
23           petrators of campus sexual assaults;

24           “(vii) policies and practices found suc-  
25           cessful in aiding the report and any ensu-

1            *ing investigation or prosecution of a cam-*  
2            *pus sexual assault;*

3            “(viii) *the on-campus procedures for*  
4            *investigation and disciplining the perpetra-*  
5            *tor of a sexual assault, including—*

6                    “(I) *the format for collecting evi-*  
7                    *dence; and*

8                    “(II) *the format of the investiga-*  
9                    *tion and disciplinary proceeding, in-*  
10                   *cluding the faculty responsible for run-*  
11                   *ning the disciplinary procedure and*  
12                   *the persons allowed to attend the dis-*  
13                   *ciplinary procedure; and*

14            “(ix) *types of punishment for offenders,*  
15            *including—*

16                    “(I) *whether the case is directed*  
17                    *outside for further punishment; and*

18                    “(II) *how the institution punishes*  
19                    *perpetrators.*

20            “(C) *SUBMISSION OF REPORT.—The report*  
21            *required by subparagraph (B) shall be submitted*  
22            *to Congress not later than September 1, 1999.*

23            “(D) *DEFINITION.—For purposes of this*  
24            *section, the term ‘campus sexual assaults’ means*  
25            *sexual assaults occurring at institutions of high-*

1            *er education and sexual assaults committed*  
2            *against or by students or employees of such insti-*  
3            *tutions.*

4            “(E) *AUTHORIZATION OF APPROPRIA-*  
5            *TIONS.—There is authorized to be appropriated*  
6            *to carry out this section \$1,000,000 for fiscal*  
7            *year 1999.*

8            “(10)(A) *The Secretary shall report to the appro-*  
9            *pritate committees of Congress each institution of*  
10           *higher education that the Secretary determines is not*  
11           *in compliance with the reporting requirements of this*  
12           *subsection.*

13           “(B) *The Secretary shall provide to an institu-*  
14           *tion of higher education that the Secretary determines*  
15           *is having difficulty, or is not in compliance, with the*  
16           *reporting requirements of this subsection—*

17           “(i) *data and analysis regarding successful*  
18           *practices employed by institutions of higher edu-*  
19           *cation to reduce campus crime; and*

20           “(ii) *technical assistance.*

21           “(11) *For purposes of reporting the statistics de-*  
22           *scribed in paragraphs (1)(F) and (1)(H), an institu-*  
23           *tion of higher education shall distinguish, by means*  
24           *of separate categories, any criminal offenses that*  
25           *occur—*

1           “(A) on publicly owned sidewalks, streets,  
2           or other thoroughfares, or in parking facilities,  
3           that are adjacent to facilities owned by the insti-  
4           tution; and

5           “(B) in dormitories or other residential fa-  
6           cilities for students on campus.

7           “(12)(A) Upon determination, after reasonable  
8           notice and opportunity for a hearing on the record,  
9           that an institution of higher education—

10           “(i) has violated or failed to carry out any  
11           provision of this subsection or any regulation  
12           prescribed under this subsection; or

13           “(ii) has substantially misrepresented the  
14           number, location, or nature of the crimes re-  
15           quired to be reported under this subsection,  
16           the Secretary shall impose a civil penalty upon the  
17           institution of not to exceed \$25,000 for each violation,  
18           failure, or misrepresentation.

19           “(B) Any civil penalty may be compromised by  
20           the Secretary. In determining the amount of such  
21           penalty, or the amount agreed upon in compromise,  
22           the appropriateness of the penalty to the size of the  
23           institution of higher education subject to the deter-  
24           mination, and the gravity of the violation, failure, or  
25           misrepresentation shall be considered. The amount of

1 *such penalty, when finally determined, or the amount*  
2 *agreed upon in compromise, may be deducted from*  
3 *any sums owing by the United States to the institu-*  
4 *tion charged.*

5 “(13)(A) *Nothing in this subsection may be con-*  
6 *strued to—*

7 “(i) *create a cause of action against any in-*  
8 *stitution of higher education or any employee of*  
9 *such an institution for any civil liability; or*

10 “(ii) *establish any standard of care.*

11 “(B) *Notwithstanding any other provision of*  
12 *law, evidence regarding compliance or noncompliance*  
13 *with this subsection shall not be admissible as evi-*  
14 *dence in any proceeding of any court, agency, board,*  
15 *or other entity, except with respect to an action to en-*  
16 *force this subsection*

17 “(14) *This subsection may be cited as the*  
18 *‘Jeanne Clery Disclosure of Campus Security Policy*  
19 *and Campus Crime Statistics Act’.*”

20 (e) *DATA REQUIRED.—Section 485(g) (20 U.S.C.*  
21 *1092(g)) is amended—*

22 (1) *in paragraph (1), by adding at the end the*  
23 *following:*

24 “(I)(i) *The total revenues, and the revenues*  
25 *from football, men’s basketball, women’s basket-*

1 ball, all other men's sports combined, and all  
2 other women's sports combined, derived by the  
3 institution from the institution's intercollegiate  
4 athletics activities.

5 “(i) For the purpose of clause (i) revenues  
6 from intercollegiate athletics activities allocable  
7 to a sport shall include, without limitation, gate  
8 receipts, broadcast revenues, appearance guaran-  
9 tees and options, concessions and advertising, ex-  
10 cept that revenues such as student activities fees  
11 or alumni contributions not so allocable shall be  
12 included in the calculation of total revenues  
13 only.

14 “(J)(i) The total expenses, and the expenses  
15 attributable to football, men's basketball, wom-  
16 en's basketball, all other men's sports combined  
17 and all other women's sports combined, made by  
18 the institution for the institution's intercollegiate  
19 athletics activities.

20 “(i) For the purpose of clause (i) expenses  
21 for intercollegiate athletics activities allocable to  
22 a sport shall include without limitation grants-  
23 in-aid, salaries, travel, equipment, and supplies,  
24 except that expenses such as general and admin-

1            *istrative overhead not so allocable shall be in-*  
2            *cluded in the calculation of total expenses only.”.*

3            *(2) by striking paragraph (5);*

4            *(3) by redesignating paragraph (4) as para-*  
5            *graph (5); and*

6            *(4) by inserting after paragraph (3) the follow-*  
7            *ing:*

8            *“(4) SUBMISSION; REPORT; INFORMATION AVAIL-*  
9            *ABILITY.—(A) Each institution of higher education*  
10           *described in paragraph (1) shall provide to the Sec-*  
11           *retary, within 15 days of the date that the institution*  
12           *makes available the report under paragraph (1), the*  
13           *information contained in the report.*

14           *“(B) The Secretary shall prepare a report re-*  
15           *garding the information received under subparagraph*  
16           *(A) for each year by April 1 of the year. The report*  
17           *shall—*

18           *“(i) summarize the information and iden-*  
19           *tify trends in the information;*

20           *“(ii) aggregate the information by divisions*  
21           *of the National Collegiate Athletic Association;*  
22           *and*

23           *“(iii) contain information on each individ-*  
24           *ual institution of higher education.*

1           “(C) *The Secretary shall ensure that the report*  
2 *described in subparagraph (B) is made available on*  
3 *the Internet within a reasonable period of time.*

4           “(D) *The Secretary shall notify, not later than*  
5 *180 days after the date of enactment of the Higher*  
6 *Education Amendments of 1998, all secondary schools*  
7 *in all States regarding the availability of the infor-*  
8 *mation reported under subparagraph (B) and the in-*  
9 *formation made available under paragraph (1), and*  
10 *how such information may be accessed.”.*

11       (f) *GEPA AMENDMENT.—Section 444(a)(4)(B) of the*  
12 *General Education Provisions Act (20 U.S.C.*  
13 *1232g(a)(4)(B)) is amended—*

14           (1) *by redesignating clauses (iii) and (iv) as*  
15 *clauses (iv) and (v), respectively; and*

16           (2) *by inserting after clause (ii) the following:*

17                   “(iii) *records that are maintained by*  
18 *local police or campus security officers of an*  
19 *educational agency or institution about—*

20                           “(I) *individuals who have been*  
21 *found guilty of, or have pled guilty to,*  
22 *committing or participating in any*  
23 *criminal activity as defined in Fed-*  
24 *eral, State, or local law that has oc-*  
25 *curred while the individual was a stu-*

1           *dent in attendance, including audit or*  
2           *noncredit, at an educational institu-*  
3           *tion; and*

4                     *“(II) findings of guilt of criminal*  
5           *misconduct and related sanctions from*  
6           *any previously attended educational*  
7           *agencies or institutions where such*  
8           *records were created on or after Sep-*  
9           *tember 1, 1999;”.*

10 **SEC. 487. NATIONAL STUDENT LOAN DATA BANK SYSTEM.**

11           *Section 485B (20 U.S.C. 1092b) is amended by adding*  
12 *at the end the following:*

13           *“(h) STUDENT STATUS CONFIRMATION REPORT.—In*  
14 *order to reduce unnecessary paperwork and to increase the*  
15 *efficient administration, the Secretary shall assure that bor-*  
16 *rowers under part E are included in the Student Status*  
17 *Confirmation Report in the same manner as borrowers*  
18 *under parts B and D.”.*

19 **SEC. 488. TRAINING IN FINANCIAL AID SERVICES.**

20           *Section 486 (20 U.S.C. 1093) is amended to read as*  
21 *follows:*

1 **“SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDU-**  
2 **CATION.**

3 *“(a) IN GENERAL.—For the purpose of providing com-*  
4 *parative information to families about the costs of higher*  
5 *education—*

6 *“(1) the National Center for Education Statistics*  
7 *shall—*

8 *“(A) develop a standard definition for the*  
9 *following data elements:*

10 *“(i) Tuition and fees for a full-time*  
11 *undergraduate student.*

12 *“(ii) Cost of attendance for a full-time*  
13 *undergraduate student, consistent with the*  
14 *provisions of section 472.*

15 *“(iii) Average amount of financial as-*  
16 *sistance received by an undergraduate stu-*  
17 *dent who attends an institution of higher*  
18 *education, including—*

19 *“(I) each type of assistance or*  
20 *benefit described in section*  
21 *428(a)(2)(C)(i);*

22 *“(II) fellowships; and*

23 *“(III) institutional and other as-*  
24 *sistance.*

1                   “(iv) *Percentage of students receiving*  
2                   *financial assistance described in each of*  
3                   *subclauses (I), (II), and (III) of clause (iii);*

4                   “(B) *report the definitions to each institu-*  
5                   *tion of higher education and the Committee on*  
6                   *Labor and Human Resources of the Senate and*  
7                   *the Committee on Education and the Workforce*  
8                   *of the House of Representatives not later than 90*  
9                   *days after the date of enactment of the Higher*  
10                   *Education Amendments of 1998;*

11                   “(C) *collect information regarding the data*  
12                   *elements described in subparagraph (A) with re-*  
13                   *spect to at least all institutions of higher edu-*  
14                   *cation participating in the program under this*  
15                   *title, and make available the information each*  
16                   *year in a timely fashion through the integrated*  
17                   *postsecondary education data system, beginning*  
18                   *with the information from the 1999–2000 aca-*  
19                   *demic year;*

20                   “(D) *provide the public notice when the in-*  
21                   *formation described in subparagraph (C) is*  
22                   *available for public inspection; and*

23                   “(E) *publish in a timely fashion a report*  
24                   *after the third year of collection of the informa-*  
25                   *tion described in subparagraph (C) that com-*

1           *compares the information described in subparagraph*  
2           *(C) longitudinally by institution, which infor-*  
3           *mation shall be presented in a form that is eas-*  
4           *ily understandable, including clear definitions of*  
5           *the data elements described in subparagraph (A),*  
6           *to allow parents and students to make informed*  
7           *decisions about attending college; and*

8           “(2) *institutions of higher education shall pro-*  
9           *vide information regarding each data element de-*  
10          *scribed in paragraph (1)(A) to the National Center*  
11          *for Education Statistics by March 1 of each year, be-*  
12          *ginning in the year 2000.*

13          “(b) *STUDY.—*

14               “(1) *IN GENERAL.—In consultation with the Bu-*  
15               *reau of Labor Statistics, the National Center for Edu-*  
16               *cation Statistics shall conduct a national study of ex-*  
17               *penditures at institutions of higher education. Such*  
18               *study shall include information about—*

19                       “(A) *expenditures for—*

20                               “(i) *faculty salaries and benefits;*

21                               “(ii) *administrative salaries, benefits,*  
22                               *and expenses;*

23                               “(iii) *academic support services;*

24                               “(iv) *research;*

25                               “(v) *operations and maintenance;*

1                   “(vi) construction; and

2                   “(vii) technology;

3                   “(B) the replacement cost of instructional  
4 buildings and equipment;

5                   “(C) how the expenditures described in sub-  
6 paragraph (A) change over time; and

7                   “(D) how the expenditures described in sub-  
8 paragraph (A) and the replacement cost de-  
9 scribed in subparagraph (B) relate to college  
10 costs.

11                  “(2) *FINAL REPORT.*—*The National Center for*  
12 *Education Statistics shall submit a report regarding*  
13 *the findings of the study required by paragraph (1)*  
14 *to the Committee on Labor and Human Resources of*  
15 *the Senate and the Committee on Education and the*  
16 *Workforce of the House of Representatives not later*  
17 *than September 30, 2001.*

18                  “(c) *HIGHER EDUCATION MARKET BASKET.*—*In con-*  
19 *sultation with the Bureau of Labor Statistics, the National*  
20 *Center for Education Statistics shall develop a Higher Edu-*  
21 *cation Market Basket that identifies the items that comprise*  
22 *the costs of higher education. The National Center for Edu-*  
23 *cation Statistics shall provide a report on the market basket*  
24 *to the Committee on Labor and Human Resources of the*  
25 *Senate and the Committee on Education and the Workforce*

1 of the House of Representatives not later than September  
2 30, 2002.

3 “(d) *FINES*.—In addition to the actions authorized in  
4 section 487(c), the Secretary may impose a fine in an  
5 amount not to exceed \$25,000 on an institution of higher  
6 education for failure to provide the information described  
7 in subsection (a)(2) in a timely or accurate manner, or for  
8 failure to otherwise cooperate with the National Center for  
9 Education Statistics regarding efforts to obtain data on the  
10 cost of higher education under such subsection.”.

11 **SEC. 489. PROGRAM PARTICIPATION AGREEMENTS.**

12 (a) *IN GENERAL*.—Section 487 (20 U.S.C. 1094) is  
13 amended—

14 (1) in subsection (a)—

15 (A) in paragraph (3)—

16 (i) by striking subparagraph (B); and

17 (ii) by redesignating subparagraphs

18 (C) and (D) as subparagraphs (B) and (C),

19 respectively;

20 (B) in paragraph (9), by striking “part B”

21 and inserting “part B or D”;

22 (C) in paragraph (14)—

23 (i) in subparagraph (A), by striking

24 “part B” and inserting “part B or D”; and

25 (ii) in subparagraph (B)—

1 (I) by inserting “for-profit” after  
2 “Any”;

3 (II) by striking “and any eligible  
4 institution which” and inserting “or”;  
5 and

6 (III) by striking “part B” and in-  
7 serting “part B or D”;

8 (D) in paragraph (15), by striking “State  
9 review entities” and inserting “the State agen-  
10 cies”;

11 (E) by striking paragraph (18);

12 (F) by redesignating paragraphs (19)  
13 through (22) as paragraphs (18) through (21),  
14 respectively; and

15 (G) by amending paragraph (20) (as redesi-  
16 gnated by subparagraph (F)) to read as follows:

17 “(20) The institution will meet the requirements  
18 established by the Secretary and accrediting agencies  
19 or associations, and will provide evidence to the Sec-  
20 retary that the institution has the authority to oper-  
21 ate within a State.”; and

22 (2) in subsection (c)—

23 (A) in paragraph (1)(A)—

24 (i) in clause (i)—

1                   (I) by striking “clause (ii)” and  
2                   inserting “clauses (i) and (iii)”;

3                   (II) by striking “State review en-  
4                   tities referred to in” and inserting  
5                   “appropriate State agency notifying  
6                   the Secretary under”; and

7                   (III) by striking “or” after the  
8                   semicolon;

9                   (ii) in clause (i), by inserting “or”  
10                  after the semicolon; and

11                  (iii) by adding at the end the follow-  
12                  ing:

13                  “(iii) with regard to an eligible institution  
14                  (other than an eligible institution described in section  
15                  481(a)(1)(C)) that has obtained less than \$200,000 in  
16                  funds under this title during each of the 2 award  
17                  years that precede the audit period and submits a let-  
18                  ter of credit payable to the Secretary equal to not less  
19                  than  $\frac{1}{2}$  of the annual potential liabilities of such in-  
20                  stitution as determined by the Secretary, deeming an  
21                  audit conducted every 3 years to satisfy the require-  
22                  ments of clause (i), except for the award year imme-  
23                  diately preceding renewal of the institution’s eligi-  
24                  bility under section 498(g);”;

1           (B) in paragraph (4), by striking “, after  
2           consultation with each State review entity des-  
3           ignated under subpart 1 of part H,”; and

4           (C) in paragraph (5), by striking “State re-  
5           view entities designated” and inserting “State  
6           agencies notifying the Secretary”.

7           **(b) PROVISION OF VOTER REGISTRATION FORMS.—**

8           **(1) PROGRAM PARTICIPATION REQUIREMENT.—**  
9           Section 487(a) (20 U.S.C. 1094(a)) is amended by  
10          adding at the end the following:

11           “(23) The institution, if located in a State to  
12          which section 113 applies, will make a good faith ef-  
13          fort to provide a mail voter registration form, re-  
14          ceived from such State, to each student enrolled in a  
15          degree or certificate program and in attendance at the  
16          institution and to make such forms widely available  
17          to students at the institution.”.

18           **(2) REGULATION PROHIBITED.—**No officer of the  
19          executive branch is authorized to instruct the State in  
20          the manner in which the amendment made by this  
21          subsection is carried out.

22          **SEC. 490. REGULATORY RELIEF AND IMPROVEMENT.**

23          Section 487A (20 U.S.C. 1094a) is amended to read  
24          as follows:

1 **“SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.**

2 “(a) *QUALITY ASSURANCE PROGRAM.*—

3 “(1) *IN GENERAL.*—*The Secretary is authorized*  
4 *to select institutions for voluntary participation in a*  
5 *Quality Assurance Program that provides participat-*  
6 *ing institutions with an alternative management ap-*  
7 *proach through which individual schools develop and*  
8 *implement their own comprehensive systems, includ-*  
9 *ing processing and disbursement of student financial*  
10 *aid, verification of student financial aid application*  
11 *data, and entrance and exit interviews, thereby en-*  
12 *hancing program integrity within the student aid de-*  
13 *livery system. The Quality Assurance Program au-*  
14 *thorized by this section shall be based on criteria that*  
15 *include demonstrated institutional performance, as*  
16 *determined by the Secretary, and shall take into con-*  
17 *sideration current quality assurance goals, as deter-*  
18 *mined by the Secretary.*

19 “(2) *WAIVER.*—*The Secretary is authorized to*  
20 *waive for any institution participating in the Qual-*  
21 *ity Assurance Program any regulations dealing with*  
22 *reporting or verification requirements in this title*  
23 *that are addressed by the institution’s alternative*  
24 *management system, and may substitute such quality*  
25 *assurance reporting as the Secretary determines nec-*

1        *essary to ensure accountability and compliance with*  
2        *the purposes of the programs under this title.*

3            *“(3) DETERMINATION.—The Secretary is author-*  
4        *ized to determine—*

5            *“(A) when an institution that is unable to*  
6        *administer the Quality Assurance Program shall*  
7        *be removed from such program; and*

8            *“(B) when institutions desiring to cease*  
9        *participation in such program will be required*  
10       *to complete the current award year under the re-*  
11       *quirements of the Quality Assurance Program.*

12           *“(4) REVIEW AND EVALUATION.—The Secretary*  
13       *shall review and evaluate the Quality Assurance Pro-*  
14       *gram conducted by each participating institution*  
15       *and, on the basis of that evaluation, make rec-*  
16       *ommendations regarding amendments to this Act that*  
17       *will streamline the administration and enhance the*  
18       *integrity of Federal student assistance programs.*  
19       *Such recommendations shall be submitted to the Com-*  
20       *mittee on Labor and Human Resources of the Senate*  
21       *and the Committee on Education and the Workforce*  
22       *of the House of Representatives.*

23           *“(b) REGULATORY IMPROVEMENT AND STREAMLINING*  
24       *EXPERIMENTS.—*

1           “(1) *IN GENERAL.*—*The Secretary shall review*  
2           *and evaluate the experience of institutions participat-*  
3           *ing as experimental sites during the period of 1993*  
4           *through 1998 under this section (as such section was*  
5           *in effect on the day before the date of enactment of*  
6           *the Higher Education Amendments of 1998), and*  
7           *shall submit a report based on this review and eval-*  
8           *uation to the Committee on Labor and Human Re-*  
9           *sources of the Senate and the Committee on Edu-*  
10           *cation and the Workforce of the House of Representa-*  
11           *tives not later than 6 months after the enactment of*  
12           *the Higher Education Amendments of 1998. Such re-*  
13           *port shall include—*

14                   “(A) *a list of participating institutions and*  
15                   *the specific statutory or regulatory waivers*  
16                   *granted to each institution;*

17                   “(B) *the findings and conclusions reached*  
18                   *regarding each of the experiments conducted; and*

19                   “(C) *recommendations for amendments to*  
20                   *improve and streamline this Act, based on the*  
21                   *results of the experiment.*

22           “(2) *SELECTION.*—

23                   “(A) *IN GENERAL.*—*The Secretary is au-*  
24                   *thorized to select a limited number of institu-*  
25                   *tions for voluntary participation as experi-*

1           *mental sites to provide recommendations to the*  
2           *Secretary on the impact and effectiveness of pro-*  
3           *posed regulations or new management initia-*  
4           *tives, except that additional institutions may not*  
5           *be selected by the Secretary until the report re-*  
6           *quired by subsection (b)(1) has been submitted to*  
7           *Congress.*

8           “(B) *CONSULTATION.*—*Prior to approving*  
9           *any additional experimental sites, the Secretary*  
10          *shall consult with the Committee on Labor and*  
11          *Human Resources of the Senate and the Com-*  
12          *mittee on Education and the Workforce of the*  
13          *House of Representatives and shall provide—*

14                “(i) *a list of institutions proposed for*  
15                *participation in the experiment and the*  
16                *specific statutory or regulatory waivers pro-*  
17                *posed to be granted to each institution;*

18                “(ii) *the objectives to be achieved*  
19                *through the experiment; and*

20                “(iii) *the period of time over which the*  
21                *experiment is to be conducted.*

22          “(C) *WAIVERS.*—*The Secretary is author-*  
23          *ized to waive, for any institution participating*  
24          *as an experimental site under subparagraph (A),*  
25          *any requirements in this title, or regulations*

1           *prescribed under this title, that will bias experi-*  
2           *mental results.*

3           “(c) *REGULATORY AND STATUTORY RELIEF FOR*  
4 *SMALL VOLUME INSTITUTIONS.—The Secretary, following*  
5 *discussions with representatives of eligible institutions*  
6 *(other than eligible institutions described in section*  
7 *481(a)(1)(C)) that have obtained in each of the 2 most re-*  
8 *cent award years prior to the date of enactment of the High-*  
9 *er Education Amendments of 1998 less than \$200,000 in*  
10 *funds through this title, shall review and evaluate ways in*  
11 *which regulations under and provisions of this Act affecting*  
12 *the institutions may be improved, streamlined, or elimi-*  
13 *nated, and shall submit, not later than 1 year after the en-*  
14 *actment of the Higher Education Amendments of 1998, a*  
15 *report to the Committee on Labor and Human Resources*  
16 *of the Senate and the Committee on Education and the*  
17 *Workforce of the House of Representatives detailing the Sec-*  
18 *retary’s findings and recommendations, including a time-*  
19 *table for implementation of any recommended changes.*

20           “(d) *DEFINITIONS.—For purposes of this section, the*  
21 *term ‘current award year’ is defined as the award year dur-*  
22 *ing which the participating institution indicates the insti-*  
23 *tution’s intention to cease participation.”.*

1 **SEC. 490A. DISTANCE EDUCATION DEMONSTRATION PRO-**  
2 **GRAMS.**

3 *Part G (20 U.S.C. 1088 et seq.) is amended by insert-*  
4 *ing after section 487B (20 U.S.C. 1094a) the following:*

5 **“SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PRO-**  
6 **GRAMS.**

7 *“(a) PURPOSE.—It is the purpose of this section—*

8 *“(1) to allow demonstration programs that are*  
9 *strictly monitored by the Department to test the qual-*  
10 *ity and viability of expanded distance education pro-*  
11 *grams currently restricted under this Act;*

12 *“(2) to help determine the specific statutory and*  
13 *regulatory requirements which should be altered to*  
14 *provide greater access to high quality distance edu-*  
15 *cation programs; and*

16 *“(3) to help determine the appropriate level of*  
17 *Federal assistance for students enrolled in distance*  
18 *education programs.*

19 *“(b) DEMONSTRATION PROGRAMS AUTHORIZED.—*

20 *“(1) IN GENERAL.—The Secretary, in accordance*  
21 *with the provisions of subsection (d), is authorized to*  
22 *select institutions of higher education or consortia of*  
23 *such institutions for voluntary participation in a*  
24 *Distance Education Demonstration Program that*  
25 *provides participating institutions with the ability to*  
26 *offer distance education programs that do not meet all*

1       or a portion of the sections or regulations described  
2       in paragraph (2).

3           “(2) *WAIVERS.*—*The Secretary is authorized to*  
4       *waive for any institution of higher education, system*  
5       *of institutions of higher education, or consortium par-*  
6       *ticipating in a Distance Education Demonstration*  
7       *Program, the requirements of section 472(5) as the*  
8       *section relates to computer costs, sections 481(d) and*  
9       *481(e) as such sections relate to requirements for a*  
10       *minimum number of weeks of instruction, sections*  
11       *472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1*  
12       *or more of the regulations prescribed under this part*  
13       *or part F which inhibit the operation of quality dis-*  
14       *tance education programs.*

15           “(3) *SPECIAL RULES.*—

16           “(A) *ELIGIBLE INSTITUTIONS.*—*Only an*  
17       *institution of higher education that provides at*  
18       *least a 2-year, or 4-year program of instruction*  
19       *for which the institution awards an associate or*  
20       *a baccalaureate degree, or provides a graduate*  
21       *degree, shall be eligible to participate in the dem-*  
22       *onstration program authorized under this sec-*  
23       *tion.*

24           “(B) *PROHIBITION.*—*An institution of high-*  
25       *er education described in section 481(a)(1)(C)*

1 shall not be eligible to participate in the dem-  
2 onstration program authorized under this sec-  
3 tion.

4 “(C) *SPECIAL RULE.*—Subject to subpara-  
5 graph (B), an institution of higher education  
6 that meets the requirements of subsection (a) of  
7 section 481, other than the requirement of para-  
8 graph (3)(A) or (3)(B) of such subsection, shall  
9 be eligible to participate in the demonstration  
10 program authorized under this section.

11 “(D) *REQUIREMENT.*—Notwithstanding any  
12 other provision of this paragraph, Western Gov-  
13 ernors University shall be considered eligible to  
14 participate in the demonstration program au-  
15 thorized under this section, and the Secretary  
16 may, in addition to the waivers described in  
17 paragraph (2), waive for such university such  
18 other requirements of this title as the Secretary  
19 determines to be appropriate because of the  
20 unique characteristics of such university. In car-  
21 rying out the preceding sentence, the Secretary  
22 shall ensure that adequate program integrity  
23 and accountability measures apply to such uni-  
24 versity’s participation in the demonstration pro-  
25 gram authorized under this section.

1       “(c) *APPLICATION.*—

2               “(1) *IN GENERAL.*—*Each institution or consortia*  
3 *of institutions desiring to participate in a demonstra-*  
4 *tion program under this section shall submit an ap-*  
5 *plication to the Secretary at such time and in such*  
6 *manner as the Secretary may require.*

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

9                       “(A) *a description of the institution or con-*  
10 *sortium’s consultation with a recognized accred-*  
11 *iting agency or association with respect to qual-*  
12 *ity assurances for the distance education pro-*  
13 *grams to be offered;*

14                      “(B) *a description of the statutory and reg-*  
15 *ulatory requirements described in subsection*  
16 *(b)(2) for which a waiver is sought and the rea-*  
17 *sons for which the waiver is sought;*

18                      “(C) *a description of the distance education*  
19 *programs to be offered;*

20                      “(D) *a description of the students to whom*  
21 *distance education programs will be offered;*

22                      “(E) *an assurance that the institution or*  
23 *consortium will offer full cooperation with the*  
24 *ongoing evaluations of the demonstration pro-*  
25 *gram provided for in this section; and*

1           “(F) such other information as the Sec-  
2           retary may require.

3           “(d) SELECTION.—

4           “(1) IN GENERAL.—For the first year of the  
5           demonstration program authorized under this section,  
6           the Secretary is authorized to select for participation  
7           in the program not more than 15 institutions, sys-  
8           tems of institutions, or consortia of institutions. For  
9           the third year of the demonstration program author-  
10          ized under this title, the Secretary may select not  
11          more than 35 institutions, systems, or consortia, in  
12          addition to the institutions, systems, or consortia se-  
13          lected pursuant to the preceding sentence, to partici-  
14          pate in the demonstration program if the Secretary  
15          determines that such expansion is warranted based on  
16          the evaluations conducted in accordance with sub-  
17          sections (f) and (g).

18          “(2) CONSIDERATIONS.—In selecting institutions  
19          to participate in the demonstration program in the  
20          first or succeeding years of the program, the Secretary  
21          shall take into account—

22                  “(A) the number and quality of applica-  
23                  tions received;

1                   “(B) the Department’s capacity to oversee  
2                   and monitor each institution’s participation;  
3                   and

4                   “(C) an institution’s—  
5                   “(i) financial responsibility;  
6                   “(ii) administrative capability; and  
7                   “(iii) program or programs being of-  
8                   ferred via distance education.

9                   “(e) NOTIFICATION.—The Secretary shall make avail-  
10                  able to the public and to the Committee on Labor and  
11                  Human Resources of the Senate and the Committee on Edu-  
12                  cation and the Workforce of the House of Representatives  
13                  a list of institutions or consortia selected to participate in  
14                  the demonstration program authorized by this section. Such  
15                  notice shall include a listing of the specific statutory and  
16                  regulatory requirements being waived for each institution  
17                  or consortia and a description of the distance education  
18                  courses to be offered.

19                  “(f) EVALUATIONS AND REPORTS.—

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

24                  “(A) the number and types of students par-  
25                  ticipating in the programs being offered, includ-

1           *ing the progress of participating students toward*  
2           *recognized associate, bachelor's, or graduate de-*  
3           *grees, and the degree to which participation in*  
4           *such programs increased;*

5           *“(B) issues related to student financial as-*  
6           *sistance for distance education; and*

7           *“(C) the extent to which statutory or regu-*  
8           *latory requirements not waived under the dem-*  
9           *onstration program present difficulties for stu-*  
10          *dents or institutions.*

11          *“(2) POLICY ANALYSIS.—In addition, the Sec-*  
12          *retary shall review current policies and identify those*  
13          *policies which present impediments to the develop-*  
14          *ment and use of distance education and other non-*  
15          *traditional methods of expanding access to education.*

16          *“(3) REPORTS.—*

17                 *“(A) IN GENERAL.—Within 18 months of*  
18                 *the initiation of the demonstration program, the*  
19                 *Secretary shall report to the Committee on Labor*  
20                 *and Human Resources of the Senate and the*  
21                 *Committee on Education and the Workforce of*  
22                 *the House of Representatives with respect to—*

23                         *“(i) the evaluations of the demonstra-*  
24                         *tion programs authorized under this section;*  
25                         *and*

1           “(ii) any proposed statutory changes  
2           designed to enhance the use of distance edu-  
3           cation.

4           “(B) *ADDITIONAL REPORTS.*—*The Secretary*  
5           *shall provide additional reports to the Committee*  
6           *on Labor and Human Resources of the Senate*  
7           *and the Committee on Education and the Work-*  
8           *force of the House of Representatives on an an-*  
9           *nual basis regarding—*

10           “(i) *the demonstration programs au-*  
11           *thorized under this section; and*

12           “(ii) *the number and types of students*  
13           *receiving assistance under this title for in-*  
14           *struction leading to a recognized certificate,*  
15           *as provided for in section 484(l)(1), includ-*  
16           *ing the progress of such students toward rec-*  
17           *ognized certificates and the degree to which*  
18           *participation in such programs leading to*  
19           *such certificates increased.*

20           “(g) *INDEPENDENT EVALUATION.*—

21           “(1) *IN GENERAL.*—*The Secretary shall enter*  
22           *into a contract with the National Academy of*  
23           *Sciences to study the quality of and student learning*  
24           *outcomes in distance education programs. Such study*  
25           *shall include—*

1           “(A) *identification of the elements by which*  
2           *quality in distance education can be assessed,*  
3           *such as subject matter, interactivity, and student*  
4           *outcomes; and*

5           “(B) *identification of the types of students*  
6           *which can most benefit from distance education*  
7           *in areas such as access to higher education, per-*  
8           *sistence, and graduation.*

9           “(2) *SCOPE.—Such study shall include distance*  
10          *education programs offered by the institutions or con-*  
11          *sortia participating in the demonstration program*  
12          *authorized by this section, as well as the distance edu-*  
13          *cation programs offered by other institutions.*

14          “(3) *INTERIM AND FINAL REPORTS.—The Sec-*  
15          *retary shall request that the National Academy of*  
16          *Sciences submit an interim report to the Secretary,*  
17          *the Committee on Labor and Human Resources of the*  
18          *Senate, and the Committee on Education and the*  
19          *Workforce of the House of Representatives not later*  
20          *than December 31, 2000, and a final report not later*  
21          *than December 31, 2002, regarding the study.*

22          “(4) *FUNDING.—The Secretary shall make avail-*  
23          *able not more than \$1,000,000 for the study required*  
24          *by this subsection.*

1       “(h) *OVERSIGHT.*—*In conducting the demonstration*  
2 *program authorized under this section, the Secretary shall,*  
3 *on a continuing basis—*

4               “(1) *assure compliance of institutions or consor-*  
5 *tia with the requirements of this title (other than the*  
6 *sections and regulations that are waived under sub-*  
7 *section (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, the*  
16 *term ‘distance education’ means an educational process that*  
17 *is characterized by the separation, in time or place, between*  
18 *instructor and student. Distance education may include*  
19 *courses offered principally through the use of—*

20               “(1) *television, audio, or computer transmission,*  
21 *such as open broadcast, closed circuit, cable, micro-*  
22 *wave, or satellite transmission;*

23               “(2) *audio or computer conferencing;*

24               “(3) *video cassettes or discs; or*

25               “(4) *correspondence.*”.

1 **SEC. 490B. 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 “and*  
6 *expenditures” and inserting “, expenditures and*  
7 *staffing levels”; and*

8 *(B) by inserting after the third sentence the*  
9 *following: “Reports, publications, and other doc-*  
10 *uments, including such reports, publications,*  
11 *and documents in electronic form, shall not be*  
12 *subject to review by the Secretary.”;*

13 *(2) in subsection (e)—*

14 *(A) by redesignating paragraphs (3), (4),*  
15 *and (5), as paragraphs (4), (5), and (6), respec-*  
16 *tively; and*

17 *(B) by inserting after paragraph (2) the fol-*  
18 *lowing:*

19 *“(3) No officers or full-time employees of the*  
20 *Federal Government shall serve as members of the Ad-*  
21 *visory Committee.”;*

22 *(3) in subsection (g), by striking “(1) Members”*  
23 *and all that follows through “of the United States*  
24 *may” and inserting “Members of the Advisory Com-*  
25 *mittee 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 more  
5           than 1 full-time equivalent, nonpermanent, con-  
6           sultant without regard to the provisions of title  
7           5, United States Code. The Advisory Committee  
8           shall not be required by the Secretary to reduce  
9           personnel to meet agency personnel reduction  
10          goals.”;

11          (5) in subsection (i), by striking “\$750,000” and  
12          inserting “\$800,000”;

13          (6) by amending subsection (j) to read as follows:

14          “(j) *SPECIAL ANALYSES AND ACTIVITIES.*—The Advi-  
15          sory Committee shall—

16                 “(1) monitor and evaluate the modernization of  
17                 student financial aid systems and delivery processes,  
18                 including the implementation of a performance-based  
19                 organization within the Department, and report to  
20                 Congress regarding such modernization on not less  
21                 than an annual basis, including recommendations for  
22                 improvement;

23                 “(2) assess the adequacy of current methods for  
24                 disseminating information about programs under this  
25                 title and recommend improvements, as appropriate,

1       *regarding early needs assessment and information for*  
2       *first-year secondary school students;*

3               “(3) *assess and make recommendations concern-*  
4       *ing the feasibility and degree of use of appropriate*  
5       *technology in the application for, and delivery and*  
6       *management of, financial assistance under this title,*  
7       *as well as policies that promote use of such technology*  
8       *to reduce cost and enhance service and program integ-*  
9       *egrity, including electronic application and reapplica-*  
10       *tion, just-in-time delivery of funds, reporting of dis-*  
11       *bursements and reconciliation;*

12               “(4) *assess the implications of distance education*  
13       *on student eligibility and other requirements for fi-*  
14       *nancial assistance under this title, and make rec-*  
15       *ommendations that will enhance access to postsecond-*  
16       *ary education through distance education while main-*  
17       *taining access, through on-campus instruction at eli-*  
18       *gible institutions, and program integrity; and*

19               “(5) *make recommendations to the Secretary re-*  
20       *garding redundant or outdated provisions of and reg-*  
21       *ulations under this Act, consistent with the Sec-*  
22       *retary’s requirements under section 498A(b)(3).”;*

23               (7) *in subsection (k), by striking “1998” and in-*  
24       *serting “2004”; and*

25               (8) *by repealing subsection (l).*

1 **SEC. 490C. REGIONAL MEETINGS AND NEGOTIATED RULE-**  
2 **MAKING.**

3 *Section 492 (20 U.S.C. 1098a) is amended—*

4 *(1) in subsection (a)—*

5 *(A) in paragraph (1)—*

6 *(i) by inserting “D,” after “B,”; and*

7 *(ii) by striking “Such meetings shall*  
8 *include” and inserting “The Secretary shall*  
9 *obtain the advice of and recommendations*  
10 *from”; and*

11 *(B) in paragraph (2)—*

12 *(i) by striking “During such meetings*  
13 *the” and inserting “The”;*

14 *(ii) by inserting “D,” after “B,”; and*

15 *(iii) by striking “1992” and inserting*  
16 *“1998 through such mechanisms as regional*  
17 *meetings and electronic exchanges of infor-*  
18 *mation”; and*

19 *(2) in subsection (b)—*

20 *(A) by striking “After” and inserting the*  
21 *following:*

22 *“(1) IN GENERAL.—After”;*

23 *(B) in paragraph (1) (as redesignated by*  
24 *subparagraph (A))—*

25 *(i) by striking “holding regional meet-*  
26 *ings” and inserting “obtaining the advice*

1                   and recommendations described in sub-  
2                   section (a)(1)”;

3                   (ii) by inserting “D,” after “B.”;

4                   (iii) by striking “1992” and inserting  
5                   “1998”; and

6                   (iv) by striking “The Secretary shall  
7                   follow the guidance provided in sections  
8                   305.82–4 and 305.85–5 of chapter 1, Code  
9                   of Federal Regulations, and any successor  
10                  recommendation, regulation, or law.”; 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 the  
17                  negotiated rulemaking process, unless the Secretary  
18                  determines that exceptional circumstances exist mak-  
19                  ing negotiated rulemaking unnecessary or inadvisable  
20                  with respect to given regulations and publishes the  
21                  basis for such determination in the Federal Register  
22                  at the same time as the proposed regulations in ques-  
23                  tions are first published. All published proposed regu-  
24                  lations shall conform, unless impracticable, to agree-  
25                  ments resulting from such negotiated rulemaking.



1           **PART H—PROGRAM INTEGRITY TRIAD**

2   **SEC. 491. STATE ROLE AND RESPONSIBILITIES.**

3           *Subpart 1 of part H of title IV (20 U.S.C. 1099a et*  
4 *seq.) is amended to read as follows:*

5                           **“Subpart 1—State Role**

6   **“SEC. 495. STATE RESPONSIBILITIES.**

7           “(a) *STATE RESPONSIBILITIES.—As part of the integ-*  
8 *rity program authorized by this part, each State, through*  
9 *1 State agency or several State agencies selected by the*  
10 *State, shall—*

11                   “(1) *furnish the Secretary, upon request, infor-*  
12 *mation with respect to the process for licensing or*  
13 *other authorization for institutions of higher edu-*  
14 *cation to operate within the State;*

15                   “(2) *notify the Secretary promptly whenever the*  
16 *State revokes a license or other authority to operate*  
17 *an institution of higher education; and*

18                   “(3) *notify the Secretary promptly whenever the*  
19 *State has credible evidence that an institution of*  
20 *higher education within the State—*

21                           “(A) *has committed fraud in the adminis-*  
22 *tration of the student assistance programs au-*  
23 *thorized by this title; or*

24                           “(B) *has substantially violated a provision*  
25 *of this title.*

1       “(b) *INSTITUTIONAL RESPONSIBILITY*.—Each institu-  
2       tion of higher education shall provide evidence to the Sec-  
3       retary that the institution has authority to operate within  
4       a State at the time the institution is certified under subpart  
5       3.”.

6       **SEC. 492. ACCREDITING AGENCY RECOGNITION.**

7       (a) *AMENDMENTS TO HEADINGS*.—Subpart 2 of part  
8       H of title IV (20 U.S.C. 1099b et seq.) is amended—

9               (1) in the subpart heading, by striking “**Ap-**  
10              **proval**” and inserting “**Recognition**”; and

11              (2) in the heading for section 496, by striking  
12              “**APPROVAL**” and inserting “**RECOGNITION**”.

13       (b) *RECOGNITION OF ACCREDITING AGENCY OR ASSO-*  
14       *CIATION*.—Section 496 (20 U.S.C. 1099b) is amended—

15              (1) in the heading for subsection (a), by striking  
16              “**STANDARDS**” and inserting “**CRITERIA**”;

17              (2) in subsection (a)—

18                      (A) in the matter preceding paragraph (1),  
19                      by striking “standards” each place the term ap-  
20                      pears and inserting “criteria”;

21                      (B) in paragraph (4)—

22                              (i) by striking “at the institution” and  
23                              inserting “offered by the institution”; and

- 1                   (ii) by inserting “, including distance  
2                   education courses or programs,” after  
3                   “higher education”; and  
4                   (C) in paragraph (5)—  
5                   (i) by striking subparagraph (I);  
6                   (ii) by redesignating subparagraphs  
7                   (A) through (H) as subparagraphs (B)  
8                   through (I), respectively;  
9                   (iii) by inserting before subparagraph  
10                  (B) the following:  
11                  “(A) success with respect to student achieve-  
12                  ment in relation to the institution’s mission, in-  
13                  cluding, as appropriate, consideration of course  
14                  completion, State licensing examination, and job  
15                  placement rates;”;  
16                  (iv) in subparagraph (I) (as redesign-  
17                  ated by clause (ii)), by striking “in clock  
18                  hours or credit hours”; and  
19                  (v) in subparagraph (L)—  
20                       (I) by inserting “record of” before  
21                       “compliance”;  
22                       (II) by striking “Act, including  
23                       any” and inserting “Act based on the”;  
24                       (III) by inserting “any” after “re-  
25                       views, and”; and

1                   (IV) in the matter following sub-  
2                   paragraph (L), by striking “(G),”;

3                   (3) by amending paragraph (1) of subsection (l)  
4                   to read as follows: “(1)(A)(i) If the Secretary deter-  
5                   mines that an accrediting agency or association has  
6                   failed to apply effectively the standards in this sec-  
7                   tion, or is otherwise not in compliance with the re-  
8                   quirements of this section, the Secretary shall—

9                   “(I) after notice and opportunity for a  
10                  hearing, limit, suspend, or terminate the ap-  
11                  proval of the agency or association; or

12                  “(II) require the agency or association to  
13                  take appropriate action to bring the agency or  
14                  association into compliance with such require-  
15                  ments within a timeframe specified by the Sec-  
16                  retary, except that—

17                  “(aa) such timeframe shall not exceed  
18                  12 months unless the Secretary extends such  
19                  period for good cause; and

20                  “(bb) if the agency or association fails  
21                  to bring the agency or association into com-  
22                  pliance within such timeframe, the Sec-  
23                  retary shall, after notice and opportunity  
24                  for a hearing, limit, suspend, or terminate

1           *the approval of the agency or association.”;*

2           *and*

3           *(4) in subsection (n)(3), by adding at the end the*  
4           *following: “When the Secretary decides to recognize*  
5           *an accrediting agency or association, the Secretary*  
6           *shall determine the agency or association’s scope of*  
7           *recognition. If the agency or association reviews insti-*  
8           *tutions offering distance education courses or pro-*  
9           *grams and the Secretary determines that the agency*  
10          *or association meets the requirements of this section,*  
11          *then the agency shall be recognized and the scope of*  
12          *recognition shall include accreditation of institutions*  
13          *offering distance education courses or programs.”.*

14   **SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

15          *(a) SINGLE APPLICATION FORM.—Section 498(b) (20*  
16          *U.S.C. 1099c(b)) is amended—*

17                  *(1) in paragraph (1), by striking “and capabil-*  
18                  *ity” and inserting “financial responsibility, and ad-*  
19                  *ministrative capability”;*

20                  *(2) by amending paragraph (3) to read as fol-*  
21          *lows:*

22                  *“(3) requires—*

23                          *“(A) a description of the third party*  
24                          *servicers of an institution of higher education;*

25                          *and*

1           “(B) the institution to maintain a copy of  
2           any contract with a financial aid service pro-  
3           vider or loan servicer, and provide a copy of any  
4           such contract to the Secretary upon request;”;

5           (3) in paragraph (4), by striking the period and  
6           inserting “; and”; and

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

8           “(5) provides, at the option of the institution, for  
9           participation in 1 or more of the programs under  
10          part B or D.”.

11          (b) *FINANCIAL RESPONSIBILITY STANDARDS*.—Section  
12          498(c) (20 U.S.C. 1099c(c)) is amended—

13                 (1) in paragraph (2), by striking “with respect  
14                 to operating losses, net worth, asset to liabilities ra-  
15                 tios, or operating fund deficits” and inserting “re-  
16                 garding ratios that demonstrate financial responsibil-  
17                 ity,”;

18                 (2) in paragraph (3)(A), by striking “Secretary  
19                 third party” and all that follows through “payable to  
20                 the Secretary” and inserting “Secretary any third  
21                 party guarantees, which the Secretary determines are  
22                 reasonable, that”; and

23                 (3) in paragraph (4)—

1           (A) in the matter preceding subparagraph  
2           (A), by striking “ratio of current assets to cur-  
3           rent liabilities” and inserting “criteria”; and

4           (B) in subparagraph (C), by striking “cur-  
5           rent operating ratio requirement” and inserting  
6           “criteria”.

7           (c) *FINANCIAL GUARANTEES FROM OWNERS*.—Section  
8           498(e) (20 U.S.C. 1099c(e)) is amended—

9           (1) in the subsection heading, by inserting “OF  
10           FOR-PROFIT INSTITUTIONS” after “OWNERS”;

11           (2) in paragraph (1)(A), by striking “from an”  
12           and inserting “from a for-profit”;

13           (3) in paragraph (2)—

14           (A) in the matter preceding clause (i) of  
15           subparagraph (A), by inserting “for-profit” after  
16           “or more”;

17           (B) in subparagraph (B), by inserting “for-  
18           profit” after “or more”;

19           (4) in paragraph (3), by striking “operation of,  
20           an institution or” and inserting “operation of, a for-  
21           profit institution or the”; and

22           (5) by adding at the end the following:

23           “(6) Notwithstanding any other provision of law,  
24           any individual, whom the Secretary determines, in  
25           accordance with paragraph (2), exercises substantial

1       *control over an institution participating in, or seek-*  
2       *ing to participate in, a program under this title, re-*  
3       *quired to pay, on behalf of a student or borrower, a*  
4       *refund of unearned institutional charges to a lender,*  
5       *or to the Secretary, who willfully fails to pay such re-*  
6       *fund or willfully attempts in any manner to evade*  
7       *payment of such refund, shall, in addition to other*  
8       *penalties provided by law, be liable to the Secretary*  
9       *for the amount of the refund not paid, to the same ex-*  
10       *tent with respect to such refund that such an individ-*  
11       *ual would be liable as a responsible person for a pen-*  
12       *alty under section 6672(a) of Internal Revenue Code*  
13       *of 1986 with respect to the nonpayment of taxes.”.*

14       *(d) APPLICATIONS AND SITE VISITS.—Section 498(f)*  
15       *(20 U.S.C. 1099c(f)) is amended—*

16               *(1) in the subsection heading by striking “; SITE*  
17       *VISITS AND FEES” and inserting “AND SITE VISITS”;*

18               *(2) in the second sentence, by striking “shall”*  
19       *and inserting “may”;*

20               *(3) in the third sentence, strike “may” and in-*  
21       *sert “shall”; and*

22               *(4) by striking the fourth sentence.*

23       *(e) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGI-*  
24       *BILITY.—Subsection (g) of section 498 (20 U.S.C. 1099c)*  
25       *is amended to read as follows:*

1       “(g) *TIME LIMITATIONS ON, AND RENEWAL OF, ELIGI-*  
2 *BILITY.*—

3               “(1) *GENERAL RULE.*—*After the expiration of*  
4 *the certification of any institution under the schedule*  
5 *prescribed under this section (as in effect prior to the*  
6 *enactment of the Higher Education Act Amendments*  
7 *of 1998), or upon request for initial certification from*  
8 *an institution not previously certified, the Secretary*  
9 *may certify the eligibility for the purposes of any pro-*  
10 *gram authorized under this title of each such institu-*  
11 *tion for a period not to exceed 6 years.*

12               “(2) *NOTIFICATION.*—*The Secretary shall notify*  
13 *each institution of higher education not later than 6*  
14 *months prior to the date of the expiration of the insti-*  
15 *tution’s certification.*

16               “(3) *INSTITUTIONS OUTSIDE THE UNITED*  
17 *STATES.*—*The Secretary shall promulgate regulations*  
18 *regarding the recertification requirements applicable*  
19 *to an institution of higher education outside of the*  
20 *United States that meets the requirements of section*  
21 *481(a)(1)(C) and received less than \$500,000 in funds*  
22 *under part B for the most recent year for which data*  
23 *are available.”.*

24               “(f) *PROVISIONAL CERTIFICATION.*—*Section 498(h) (20*  
25 *U.S.C. 1099c(h)) is amended—*

1           (1) in paragraph (1)(B)(ii), by striking “an eli-  
2           gible” and inserting “a for-profit eligible”; and

3           (2) in paragraph (2), by striking “the approval”  
4           and inserting “the recognition”.

5           (g) *TREATMENT OF CHANGES OF OWNERSHIP.*—Sec-  
6           tion 498(i) (20 U.S.C. 1099c(i)) is amended—

7           (1) in the subsection heading, by inserting “OF  
8           FOR-PROFIT INSTITUTIONS” after “OWNERSHIP”; and

9           (2) in paragraph (2)—

10           (A) in subparagraph (A), by inserting “for-  
11           profit” before “institution”;

12           (B) in subparagraph (C), by striking “two”  
13           and inserting “a for-profit institution with one”;

14           (C) in subparagraph (D), by inserting “for-  
15           profit” before “institutions”;

16           (D) in subparagraph (E), by inserting “for-  
17           profit” before “institutions”; and

18           (E) in subparagraph (F), by inserting “for-  
19           profit” before “institution”.

20           (h) *TREATMENT OF BRANCHES.*—The second sentence  
21           of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is amended by  
22           inserting “after the branch is certified by the Secretary as  
23           a branch campus participating in a program under title  
24           IV,” after “2 years”.

1 **SEC. 494. PROGRAM REVIEW AND DATA.**

2 *Section 498A (20 U.S.C. 1099c-1) is amended—*

3 *(1) in subsection (a)—*

4 *(A) in paragraph (2)—*

5 *(i) in the matter preceding subpara-*  
6 *graph (A), by striking “may” and inserting*  
7 *“shall”;*

8 *(ii) by amending subparagraph (C) to*  
9 *read as follows:*

10 *“(C) institutions with a significant fluctua-*  
11 *tion in Federal Stafford Loan volume, Federal*  
12 *Direct Stafford/Ford Loan volume, or Federal*  
13 *Pell Grant award volume, or any combination*  
14 *thereof, in the year for which the determination*  
15 *is made, compared to the year prior to such*  
16 *year, that are not accounted for by changes in*  
17 *the Federal Stafford Loan program, the Federal*  
18 *Direct Stafford/Ford Loan program, or the Pell*  
19 *Grant program, or any combination thereof;”;*

20 *(iii) by amending subparagraph (D) to*  
21 *read as follows:*

22 *“(D) institutions reported to have defi-*  
23 *ciencies or financial aid problems by the State*  
24 *licensing or authorizing agency, or by the appro-*  
25 *priate accrediting agency or association;”;*

1                   (iv) in subparagraph (E), by inserting  
2                   “and” after the semicolon; and

3                   (v) by striking subparagraphs (F) and  
4                   (G), and inserting the following:

5                   “(F) such other institutions that the Sec-  
6                   retary determines may pose a significant risk of  
7                   failure to comply with the administrative capa-  
8                   bility or financial responsibility provisions of  
9                   this title; and”;

10                  (B) in paragraph (3)(A), by inserting “rel-  
11                  evant” after “all”; and

12                  (2) by amending subsection (b) to read as fol-  
13                  lows:

14                  “(b) SPECIAL ADMINISTRATIVE RULES.—

15                         “(1) IN GENERAL.—In carrying out paragraphs  
16                         (1) and (2) of subsection (a) and any other relevant  
17                         provisions of this title, the Secretary shall—

18                                 “(A) establish guidelines designed to ensure  
19                                 uniformity of practice in the conduct of program  
20                                 reviews of institutions of higher education;

21                                 “(B) make available to each institution par-  
22                                 ticipating in programs authorized under this  
23                                 title complete copies of all review guidelines and  
24                                 procedures used in program reviews;

1           “(C) permit the institution to correct or  
2           cure an administrative, accounting, or record-  
3           keeping error if the error is not part of a pattern  
4           of error and there is no evidence of fraud or mis-  
5           conduct related to the error;

6           “(D) base any civil penalty assessed against  
7           an institution of higher education resulting from  
8           a program review or audit on the gravity of the  
9           violation, failure, or misrepresentation; and

10          “(E) inform the appropriate State and ac-  
11          crediting agency or association whenever the Sec-  
12          retary takes action against an institution of  
13          higher education under this section, section 498,  
14          or section 432.

15          “(2) *UNIFORMITY OF APPLICATION OF REGULA-*  
16          *TIONS.—The Secretary shall review the regulations of*  
17          *the Department and the application of such regula-*  
18          *tions to ensure the uniformity of interpretation and*  
19          *application of the regulations.*

20          “(3) *NONDUPLICATION AND COORDINATION.—The*  
21          *Secretary shall establish a process for ensuring that*  
22          *eligibility and compliance issues, such as institu-*  
23          *tional audit, program review, and recertification, are*  
24          *considered simultaneously, and shall establish a proc-*  
25          *ess for identifying unnecessary duplication of report-*

1        *ing and related regulatory requirements. In develop-*  
2        *ing such processes, the Secretary shall consult with*  
3        *relevant representatives of institutions participating*  
4        *in the programs authorized by this title.”.*

5        ***PART I—ADMINISTRATIVE PROVISIONS FOR***  
6        ***DELIVERY OF STUDENT FINANCIAL ASSISTANCE***  
7        ***SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE***  
8                                    ***DELIVERY OF FEDERAL STUDENT FINANCIAL***  
9                                    ***ASSISTANCE.***

10        *Title IV (20 U.S.C. 1070 et seq.) is amended by adding*  
11        *at the end the following:*

12        ***“PART I—ADMINISTRATIVE PROVISIONS FOR***  
13        ***DELIVERY OF STUDENT FINANCIAL ASSISTANCE***  
14        ***“SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE***  
15                                    ***DELIVERY OF FEDERAL STUDENT FINANCIAL***  
16                                    ***ASSISTANCE.***

17        *“(a) ESTABLISHMENT.—The Secretary shall establish*  
18        *in the Department a performance-based organization (here-*  
19        *after in this part referred to as the ‘PBO’) to administer*  
20        *various functions relating to student financial assistance*  
21        *programs authorized under this title.*

22        *“(b) OVERSIGHT AND AUTHORITY.—*

23                                    *“(1) POLICY OVERSIGHT AND DIRECTION.—The*  
24        *Secretary shall maintain responsibility for the policy*  
25        *relating to functions managed by the PBO, and the*

1 *PBO shall remain subject to the Secretary’s oversight*  
2 *and direction.*

3 “(2) *AUDITS AND REVIEW.*—*The PBO shall be*  
4 *subject to the usual and customary Federal audit pro-*  
5 *cedures and to review by the Inspector General of the*  
6 *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 on*  
11 *the ability of the PBO to achieve the goals and*  
12 *objectives established in the performance plan de-*  
13 *scribed in subsection (e).*

14 “(B) *REVISIONS TO AGREEMENT.*—*The Sec-*  
15 *retary and the Chief Operating Officer may re-*  
16 *visе the annual performance agreement described*  
17 *in subsection (f)(2) in light of policy, market, or*  
18 *other changes that occur after the Secretary and*  
19 *the Chief Operating Officer enter into the agree-*  
20 *ment.*

21 “(c) *PURPOSES OF PBO.*—*The purposes of the PBO*  
22 *are—*

23 “(1) *to improve service to students and other*  
24 *participants in the student financial assistance pro-*  
25 *grams authorized under this title, including making*

1       *those programs more understandable to students and*  
2       *their parents;*

3             “(2) *to reduce the costs of administering those*  
4       *programs;*

5             “(3) *to increase the accountability of the officials*  
6       *responsible for administering those programs;*

7             “(4) *to provide greater flexibility in the adminis-*  
8       *tration 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 financial*  
13       *assistance system that contains complete, accurate,*  
14       *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 adminis-*  
18       *tration of the information and financial systems that*  
19       *support student financial assistance programs author-*  
20       *ized under this title, including—*

21            “(A) *collecting, processing, and transmit-*  
22       *ting applicant data to students, institutions, and*  
23       *authorized third parties, as provided for in sec-*  
24       *tion 483;*

1           “(B) contracting for the information and fi-  
2           nancial systems supporting student financial as-  
3           sistance 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 as  
12          the Secretary determines necessary or appropriate to  
13          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 years  
20                         that establishes measurable goals and objectives  
21                         for the organization.

22                         “(B) *CONSULTATION.*—In developing the 5-  
23                         year performance plan and any revision to the  
24                         plan, the Secretary and the Chief Operating Of-  
25                         ficer shall consult with students, institutions of

1           *higher education, Congress, lenders, and other*  
2           *interested parties not less than 30 days prior to*  
3           *the implementation of the performance plan or*  
4           *revision.*

5           “(C) *AREAS.*—*The plan shall address the*  
6           *PBO’s responsibilities in the following areas:*

7                   “(i) *IMPROVING SERVICE.*—*Improving*  
8                   *service to students and other participants in*  
9                   *student financial aid programs authorized*  
10                   *under this title, including making those*  
11                   *programs more understandable to students*  
12                   *and their parents.*

13                   “(ii) *REDUCING COSTS.*—*Reducing the*  
14                   *costs of administering those programs.*

15                   “(iii) *IMPROVEMENT AND INTEGRATION*  
16                   *OF SUPPORT SYSTEMS.*—*Improving and in-*  
17                   *tegrating the information and delivery sys-*  
18                   *tems that support those programs.*

19                   “(iv) *DELIVERY AND INFORMATION*  
20                   *SYSTEM.*—*Developing an open, common,*  
21                   *and integrated delivery and information*  
22                   *system for programs authorized under this*  
23                   *title.*

24                   “(v) *OTHER AREAS.*—*Any other areas*  
25                   *identified by the Secretary.*

1           “(2) *ANNUAL REPORT.—(A) IN GENERAL.—Each*  
2           *year, the Chief Operating Officer shall prepare and*  
3           *submit to Congress, through the Secretary, an annual*  
4           *report on the performance of the PBO, including an*  
5           *evaluation of the extent to which the PBO met the*  
6           *goals and objectives contained in the 5-year perform-*  
7           *ance plan described in paragraph (1) for the preced-*  
8           *ing year.*

9           “(B) *CONSULTATION WITH STAKEHOLDERS.—*  
10          *The Chief Operating Officer, in preparing the report*  
11          *described in subparagraph (A), shall establish appro-*  
12          *priate means to consult with borrowers, institutions,*  
13          *lenders, guaranty agencies, secondary markets, and*  
14          *others involved in the delivery system of student aid*  
15          *under this title—*

16                 “(i) *regarding the degree of satisfaction*  
17                 *with the delivery system; and*

18                 “(ii) *to seek suggestions on means to im-*  
19                 *prove the delivery system.*

20          “(f) *CHIEF OPERATING OFFICER.—*

21                 “(1) *APPOINTMENT.—*

22                 “(A) *IN GENERAL.—The management of the*  
23                 *PBO shall be vested in a Chief Operating Officer*  
24                 *who shall be appointed by the Secretary to a*  
25                 *term of not less than 3 and not more than 5*

1           *years and compensated without regard to chap-*  
2           *ters 33, 51, and 53 of title 5, United States Code.*

3           “(B) *BASIS.*—*The appointment shall be*  
4           *made on the basis of demonstrated ability in*  
5           *management and experience in information tech-*  
6           *nology or financial services.*

7           “(C) *REAPPOINTMENT.*—*The Secretary may*  
8           *reappoint the Chief Operating Officer to subse-*  
9           *quent terms of not less than 3 and not more than*  
10          *5 years, so long as the performance of the Chief*  
11          *Operating Officer, as set forth in the perform-*  
12          *ance agreement described in paragraph (2), is*  
13          *satisfactory.*

14          “(2) *PERFORMANCE AGREEMENT.*—

15               “(A) *IN GENERAL.*—*Each year, the Sec-*  
16               *retary and the Chief Operating Officer shall*  
17               *enter into an annual performance agreement,*  
18               *that shall set forth measurable organization and*  
19               *individual goals for the Chief Operating Officer.*

20               “(B) *TRANSMITTAL.*—*The final agreement,*  
21               *and any revision to the final agreement, shall be*  
22               *transmitted to the Committee on Education and*  
23               *the Workforce of the House of Representatives*  
24               *and the Committee on Labor and Human Re-*

1           *sources of the Senate, and made publicly avail-*  
2           *able.*

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) *REPORT.*—The Secretary and the Chief Operating  
5           Officer, not later than 180 days after the date of enactment  
6           of the Higher Education Amendments of 1998, shall report  
7           to Congress on the proposed budget and sources of funding  
8           for the operation of the PBO.

9           “(i) *AUTHORIZATION OF APPROPRIATIONS.*—The Sec-  
10          retary shall allocate from funds made available under sec-  
11          tion 458 such funds as are appropriate to the functions as-  
12          sumed by the PBO. In addition, there are authorized to be  
13          appropriated such sums as may be necessary to carry out  
14          the purposes of this part, including transition costs.

15        **“SEC. 499A. PERSONNEL FLEXIBILITIES.**

16          “(a) *GENERAL PROVISIONS.*—

17                “(1) *CERTAIN LIMITATIONS NOT APPLICABLE.*—  
18                The PBO shall not be subject to any limitation relat-  
19                ed to the number or grade of its employees.

20                “(2) *APPLICABLE PROVISIONS OF TITLE 5.*—

21                        “(A) *PROVISIONS.*—Any flexibilities pro-  
22                        vided under this section shall be exercised in a  
23                        manner consistent with the following provisions  
24                        of title 5, United States Code:

1           “(i) Chapter 23, relating to merit sys-  
2           tem principles and prohibited personnel  
3           practices.

4           “(ii) Provisions relating to preference  
5           eligibles.

6           “(iii) Section 5307, relating to the ag-  
7           gregate limitation on pay.

8           “(iv) Chapter 71, relating to labor-  
9           management relations, except to the extent  
10          provided by paragraph (3).

11          “(B) EXERCISE OF AUTHORITY.—The exer-  
12          cise of any authorities provided under this sec-  
13          tion shall be subject to subsections (b) and (c) of  
14          section 1104 of title 5, United States Code, as  
15          though such authorities were delegated to the  
16          PBO under subsection (a)(2) of such section. The  
17          PBO shall provide the Office of Personnel Man-  
18          agement with any information the Office re-  
19          quires in carrying out its responsibilities under  
20          this subsection.

21          “(3) LABOR ORGANIZATION AGREEMENTS.—Em-  
22          ployees within a unit to which a labor organization  
23          is accorded exclusive recognition under chapter 71 of  
24          title 5, United States Code, shall not be subject to any  
25          flexibility provided under this section unless the ex-

1 *clusive representative and PBO have entered into a*  
2 *written agreement which specifically provides for the*  
3 *exercise of that flexibility. A written agreement may*  
4 *not be imposed by the Federal Services Impasses*  
5 *Panel under section 7119 of title 5, United States*  
6 *Code.*

7 “(4) *FLEXIBILITIES.—*

8 “(A) *PRIOR APPROVAL.—The PBO may ex-*  
9 *ercise any of the flexibilities provided under sub-*  
10 *sections (b), (c)(1), and (d) without prior ap-*  
11 *proval of the Office of Personnel Management.*

12 “(B) *PLAN AND APPROVAL.—The PBO may*  
13 *exercise the flexibilities described in subsection*  
14 *(c)(2) only after a specific plan for implementa-*  
15 *tion of those flexibilities is submitted to and ap-*  
16 *proved by the Director of the Office of Personnel*  
17 *Management.*

18 “(5) *DEMONSTRATION PROJECTS.—*

19 “(A) *IN GENERAL.—The exercise of any*  
20 *flexibilities under this section shall not affect the*  
21 *authority of the PBO to implement a demonstra-*  
22 *tion project subject to chapter 47 of title 5,*  
23 *United States Code, and as provided in subpara-*  
24 *graph (B).*

1           “(B) *APPLICATION OF TITLE 5.*—*In apply-*  
2           *ing section 4703 of title 5, United States Code,*  
3           *to a project described in subparagraph (A)—*

4                   “(i) *section 4703(b)(1) shall be deemed*  
5                   *to read as follows:*

6                   ““(1) *develop a plan for such project which de-*  
7                   *scribes its purpose, the employees to be covered, the*  
8                   *project itself, its anticipated outcomes, and the meth-*  
9                   *od of evaluating the project;*”;

10                   “(ii) *section 4703(b)(3) shall not*  
11                   *apply;*

12                   “(iii) *the 180-day notification period*  
13                   *in section 4703(b)(4) shall be deemed to be*  
14                   *a 30-day notification period;*

15                   “(iv) *section 4703(b)(6) shall be*  
16                   *deemed to read as follows:*

17                   ““(6) *provide each House of Congress with the*  
18                   *final version of the plan.*”;

19                   “(v) *section 4703(c)(1) shall be deemed*  
20                   *to read as follows:*

21                   ““(1) *subchapter V of chapter 63 or subpart G*  
22                   *of part III of this title;*”;

23                   “(vi) *section 4703(d) shall not apply;*  
24                   *and*

1           “(vii) section 4703(f) shall not apply,  
2           and, in lieu thereof, paragraph (3) of this  
3           subsection shall apply as though the dem-  
4           onstration project were a flexibility author-  
5           ity provided under this subsection.

6           “(b) *PERFORMANCE MANAGEMENT.*—

7           “(1) *IN GENERAL.*—The PBO shall establish a  
8           performance management system that—

9           “(A) maintains individual accountability  
10          by—

11           “(i) establishing 1 or more retention  
12           standards for each employee related to the  
13           work of the employee and expressed in terms  
14           of individual performance, and commu-  
15           nicating such retention standards to em-  
16           ployees;

17           “(ii) making periodic determinations  
18           of whether each employee meets or does not  
19           meet the employee’s established retention  
20           standards; and

21           “(iii) taking actions, in accordance  
22           with applicable laws and regulations, with  
23           respect to any employee whose performance  
24           does not meet established retention stand-  
25           ards, including denying any increase in

1           *basic pay, promotions, and credit for per-*  
2           *formance under section 3502 of title 5,*  
3           *United States Code, and taking 1 or more*  
4           *of the following actions:*

5                     *“(I) Reassignment;*

6                     *“(II) An action under chapter 43*  
7                     *or 75 of title 5, United States Code; or*

8                     *“(III) Any other appropriate ac-*  
9                     *tion to resolve the performance prob-*  
10                    *lem; and*

11                    *“(B) strengthens its effectiveness by provid-*  
12                    *ing for—*

13                    *“(i) establishing goals or objectives for*  
14                    *individual, group, or organizational per-*  
15                    *formance (or any combination thereof), con-*  
16                    *sistent with the annual performance agree-*  
17                    *ment described in section 499(f)(2) and*  
18                    *PBO performance planning procedures, in-*  
19                    *cluding those established under the Govern-*  
20                    *ment Performance and Results Act of 1993,*  
21                    *and communicating such goals or objectives*  
22                    *to employees;*

23                    *“(ii) using such goals and objectives to*  
24                    *make performance distinctions among em-*  
25                    *ployees or groups of employees; and*

1           “(iii) using performance assessments  
2           as a basis for granting employee awards,  
3           adjusting an employee’s rate of basic pay,  
4           and other appropriate personnel actions, in  
5           accordance with applicable provisions or  
6           law and regulation.

7           “(2) PERFORMANCE.—

8           “(A) ASSESSMENT.—For purposes of para-  
9           graph (1)(B), the term ‘performance assessment’  
10          means a determination of whether or not reten-  
11          tion standards established under paragraph  
12          (1)(A)(i) are met, and any additional perform-  
13          ance determination made on the basis of per-  
14          formance goals and objectives established under  
15          paragraph (1)(B)(i).

16          “(B) UNACCEPTABLE PERFORMANCE.—For  
17          purposes of title 5, United States Code, the term  
18          ‘unacceptable performance’ with respect to an  
19          employee of the PBO means performance of the  
20          employee which fails to meet a retention stand-  
21          ard established under paragraph (1)(A)(i).

22          “(3) AWARDS PROGRAM.—

23          “(A) IN GENERAL.—The PBO may establish  
24          an awards program designed to provide incen-  
25          tives for and recognition of organizational,

1           *group, and individual achievements by provid-*  
2           *ing for granting awards to employees who, as in-*  
3           *dividuals or members of a group, contribute to*  
4           *meeting the performance goals and objectives es-*  
5           *tablished under this part by such means as a su-*  
6           *perior individual or group accomplishment, a*  
7           *documented productivity gain, or sustained su-*  
8           *perior performance.*

9           “(B) *LIMITATION.*—*Notwithstanding section*  
10           *4502(b) of title 5, United States Code, the PBO*  
11           *may grant a cash award in an amount not ex-*  
12           *ceeding \$25,000, with the approval of the Chief*  
13           *Operating Officer.*

14           “(c) *CLASSIFICATION AND PAY FLEXIBILITIES.*—

15           “(1) *IN GENERAL.*—

16           “(A) *DEFINITION.*—*For purposes of this sec-*  
17           *tion, the term ‘broad-banded system’ means a*  
18           *system for grouping positions for pay, job eval-*  
19           *uation, and other purposes that is different from*  
20           *the system established under chapter 51 and sub-*  
21           *chapter III of chapter 53 of title 5, United States*  
22           *Code, as a result of combining grades and relat-*  
23           *ed ranges of rates of pay in 1 or more occupa-*  
24           *tional series.*

1           “(B) *ESTABLISHMENT.*—*The PBO may,*  
2           *subject to criteria to be prescribed by the Office*  
3           *of Personnel Management, establish 1 or more*  
4           *broad-banded systems covering all or any por-*  
5           *tion of its workforce. The Office may require the*  
6           *PBO to submit to the Office such information re-*  
7           *lating to its broad-banded systems as the Office*  
8           *may require. Laws and regulations pertaining to*  
9           *General Schedule employees (other than chapter*  
10           *52 and subchapter II of chapter 53 of title 5,*  
11           *United States Code) shall continue to be applica-*  
12           *ble to employees under a broad-banded system.*

13           “(C) *CRITERIA.*—*The criteria to be pre-*  
14           *scribed by the Office of Personnel Management*  
15           *shall, at a minimum—*

16                   “(i) *ensure that the structure of any*  
17                   *broad-banded system maintains, through*  
18                   *linkage to the General Schedule, the prin-*  
19                   *ciple of equal pay for substantially equal*  
20                   *work;*

21                   “(ii) *establish the minimum and maxi-*  
22                   *imum number of grades that may be com-*  
23                   *bined into pay bands;*

1           “(iii) establish requirements for adjust-  
2           ing the pay of an employee within a pay  
3           band;

4           “(iv) establish requirements for setting  
5           the pay of a supervisory employee whose po-  
6           sition is in a pay band or who supervises  
7           employees whose positions are in pay bands;  
8           and

9           “(v) establish requirements and meth-  
10          odologies for setting the pay of an employee  
11          upon conversion to a broad-banded system,  
12          initial appointment, change of position or  
13          type of appointment (including promotion,  
14          demotion, transfer, reassignment, reinstatement,  
15          placement in another pay band, or  
16          movement to a different geographic loca-  
17          tion), and movement between a broad-band-  
18          ed system and another pay system.

19           “(2) *ALTERNATIVE JOB EVALUATION SYSTEMS*  
20           *FLEXIBILITIES.—*

21           “(A) *IN GENERAL.—*With the approval of  
22           the Office of Personnel Management in accord-  
23           ance with subsection (a)(4)(B), the PBO may es-  
24           tablish 1 or more alternative job evaluation sys-  
25           tems that include any positions or groups of po-

1            *sitions that the PBO determines, for reasons of*  
2            *effective administration—*

3                    *“(i) should not be classified under*  
4                    *chapter 51 of title 5, United States Code, or*  
5                    *paid under the General Schedule;*

6                    *“(ii) should not be classified or paid*  
7                    *under subchapter IV of chapter 53 of such*  
8                    *title; or*

9                    *“(iii) should not be paid under section*  
10                   *5376 of such title.*

11                   *“(B) PAY.—*

12                            *“(i) GENERAL LIMITATION.—An alter-*  
13                            *native job evaluation system established*  
14                            *under this section that includes positions*  
15                            *described in clause (i) or (ii), or both, of*  
16                            *subparagraph (A) may not provide a rate of*  
17                            *basic pay for any employee in excess of the*  
18                            *maximum rate of pay under the General*  
19                            *Schedule.*

20                            *“(ii) SPECIFIC LIMITATION.—An alter-*  
21                            *native job evaluation system established*  
22                            *under this section that includes positions*  
23                            *described in clause (iii) of subparagraph*  
24                            *(A) may not provide a rate of basic pay for*  
25                            *any employee in excess of the annual rate*

1                   of basic pay of the Chief Operating Officer  
2                   under the first sentence of section 499(f)(3).

3                   “(C) *IMPLEMENTATION.*—An alternative job  
4                   evaluation system established under this section  
5                   shall be implemented in such a way as to ensure  
6                   the maintenance of the principle of equal pay for  
7                   substantially equal work.

8                   “(D) *APPLICABILITY OF LAWS.*—Except as  
9                   otherwise provided under this part, employees  
10                  under an alternative job evaluation system shall  
11                  continue to be subject to the laws and regulations  
12                  covering employees under the pay system that  
13                  would otherwise apply to them. If the alternative  
14                  job evaluation system combines employees from  
15                  different pay systems into a single system, the  
16                  plan submitted under subsection (a)(4)(B) shall  
17                  address the applicability of the laws and regula-  
18                  tions for the different pay systems.

19                  “(d) *STAFFING FLEXIBILITIES.*—

20                  “(1) *APPOINTMENT.*—

21                  “(A) *CONDITIONS.*—Except as otherwise  
22                  provided under this subsection, an employee of  
23                  the PBO may be selected for a permanent ap-  
24                  pointment in the competitive service in the PBO

1 through internal competitive promotion proce-  
2 dures if—

3 “(i) the employee has completed, in the  
4 competitive service, 2 years of current con-  
5 tinuous service under a term appointment  
6 or any combination of term appointments;

7 “(ii) such term appointment or ap-  
8 pointments were made under competitive  
9 procedures prescribed for permanent ap-  
10 pointments;

11 “(iii) the employee’s performance  
12 under such term appointment or appoint-  
13 ments met established retention standards;  
14 and

15 “(iv) the vacancy announcement for  
16 the term appointment from which the con-  
17 version is made stated that there was a po-  
18 tential for subsequent conversion to a per-  
19 manent appointment.

20 “(B) SIMILAR APPOINTMENT.—An appoint-  
21 ment under this section may be made only to a  
22 position in the same line of work as a position  
23 to which the employee received a term appoint-  
24 ment under competitive procedures.

25 “(2) CATEGORY RATING SYSTEMS.—

1           “(A) *IN GENERAL.*—Notwithstanding sub-  
2           chapter I of chapter 33 of title 5, United States  
3           Code, the PBO may establish category rating  
4           systems for evaluating job applicants for posi-  
5           tions in the competitive service. Qualified can-  
6           didates under such rating systems shall be di-  
7           vided into 2 or more quality categories on the  
8           basis of relative degrees of merit, rather than as-  
9           signed individual numerical ratings. Each ap-  
10          plicant who meets the minimum qualification re-  
11          quirements for the position to be filled shall be  
12          assigned to an appropriate category based on an  
13          evaluation of the applicant’s knowledge, skills,  
14          and abilities relative to those needed for success-  
15          ful performance in the position to be filled.

16          “(B) *PREFERENCE ELIGIBLES.*—Within  
17          each quality category established under subpara-  
18          graph (A), preference eligibles shall be listed  
19          ahead of individuals who are not preference eli-  
20          gibles. For other than scientific and professional  
21          positions at or higher than level GS–9 (or equiv-  
22          alent), preference eligibles who have a compen-  
23          sable service-connected disability of 10 percent or  
24          more, and who meet the minimum qualification

1           standards, shall be listed in the highest quality  
2           category.

3           “(C) *SELECTION.*—An appointing authority  
4           may select any applicant from the highest qual-  
5           ity category or, if fewer than 3 candidates have  
6           been assigned to the highest quality category,  
7           from a merged category consisting of the highest  
8           and second highest quality categories. Notwith-  
9           standing the preceding sentence, the appointing  
10          authority may not pass over a preference eligible  
11          in the same or higher category from which selec-  
12          tion is made, unless the requirements of section  
13          3317(b) or 3318(b) of title 5, United States Code,  
14          as applicable, are satisfied.

15          “(3) *EXCEPTED SERVICE.*—The Chief Operating  
16          Officer may appoint, without regard to the provisions  
17          of title 5, United States Code, governing appoint-  
18          ments in the competitive service, not more than 25  
19          technical and professional employees to administer  
20          the functions of the PBO. These employees may be  
21          paid without regard to the provisions of chapter 51  
22          and subchapter III of chapter 53 of such title relating  
23          to classification and General Schedule pay rates.

1           “(4) *RULE OF CONSTRUCTION.*—Notwithstanding  
2           *paragraphs (1) through (3), no provision of this sub-*  
3           *section exempts the PBO from—*

4                     “(A) *any employment priorities established*  
5                     *under direction of the President for the place-*  
6                     *ment of surplus or displaced employees; or*

7                     “(B) *its obligations under any court order*  
8                     *or decree relating to the employment practices of*  
9                     *the PBO or the Department of Education.*

10 **“SEC. 499B. PROCUREMENT FLEXIBILITY.**

11           “(a) *PROCUREMENT AUTHORITY.*—Subject to the au-  
12 *thority, direction, and control of the Secretary, the Chief*  
13 *Operating Officer of a PBO may exercise the authority of*  
14 *the Secretary to procure property and services in the per-*  
15 *formance of functions managed by the PBO. For the pur-*  
16 *poses of this section, the term ‘PBO’ includes the Chief Op-*  
17 *erating Officer of the PBO and any employee of the PBO*  
18 *exercising procurement authority under the preceding sen-*  
19 *tence.*

20           “(b) *APPLICABILITY OF PROCUREMENT LAWS.*—*Ex-*  
21 *cept to the extent otherwise authorized in this section, a*  
22 *PBO shall comply with all laws and regulations that are*  
23 *generally applicable to procurements of property and serv-*  
24 *ices by the head of an executive agency of the Federal Gov-*  
25 *ernment.*

1       “(c) *USE OF MUTUAL BENEFIT CORPORATION.*—The  
2 *PBO may acquire services related to the title IV delivery*  
3 *system from any mutual benefit corporation that has the*  
4 *capability and capacity to meet the requirements for the*  
5 *system, as determined by the Chief Operating Officer of the*  
6 *PBO.*

7       “(d) *TWO-PHASE SOURCE-SELECTION PROCEDURE*  
8 *DURES.*—

9               “(1) *IN GENERAL.*—The *PBO may use a two-*  
10 *phase process for selecting a source for a procurement*  
11 *of property or services.*

12               “(2) *FIRST PHASE.*—The *procedures for the first*  
13 *phase of the process for a procurement are as follows:*

14                       “(A) *PUBLICATION OF NOTICE.*—The *con-*  
15 *tracting officer for the procurement shall publish*  
16 *a notice of the procurement in accordance with*  
17 *section 18 of the Office of Federal Procurement*  
18 *Policy Act (41 U.S.C. 416) and subsections (e),*  
19 *(f), and (g) of section 8 of the Small Business*  
20 *Act (15 U.S.C. 637), except that the notice shall*  
21 *include only the following:*

22                               “(i) *A general description of the scope*  
23 *or purpose of the procurement that provides*  
24 *sufficient information on the scope or pur-*  
25 *pose for sources to make informed business*

1           *decisions regarding whether to participate*  
2           *in the procurement.*

3           “(ii) *A description of the basis on*  
4           *which potential sources are to be selected to*  
5           *submit offers in the second phase.*

6           “(iii) *A description of the information*  
7           *that is to be required under subparagraph*  
8           *(B).*

9           “(iv) *Any additional information that*  
10          *the contracting officer determines appro-*  
11          *priate.*

12          “(B) *INFORMATION SUBMITTED BY*  
13          *OFFERORS.—Each offeror for the procurement*  
14          *shall submit basic information, such as informa-*  
15          *tion on the offeror’s qualifications, the proposed*  
16          *conceptual approach, costs likely to be associated*  
17          *with the proposed conceptual approach, and past*  
18          *performance of the offeror on Federal Govern-*  
19          *ment contracts, together with any additional in-*  
20          *formation that is requested by the contracting of-*  
21          *ficer.*

22          “(C) *SELECTION FOR SECOND PHASE.—The*  
23          *contracting officer shall select the offerors that*  
24          *are to be eligible to participate in the second*  
25          *phase of the process. The contracting officer shall*

1           *limit the number of the selected offerors to the*  
2           *number of sources that the contracting officer de-*  
3           *termines is appropriate and in the best interests*  
4           *of the Federal Government.*

5           “(3) *SECOND PHASE.*—

6                   “(A) *IN GENERAL.*—*The contracting officer*  
7                   *shall conduct the second phase of the source selec-*  
8                   *tion process in accordance with sections 303A*  
9                   *and 303B of the Federal Property and Adminis-*  
10                   *trative Services Act of 1949 (41 U.S.C. 253a and*  
11                   *253b).*

12                   “(B) *ELIGIBLE PARTICIPANTS.*—*Only the*  
13                   *sources selected in the first phase of the process*  
14                   *shall be eligible to participate in the second*  
15                   *phase.*

16                   “(C) *SINGLE OR MULTIPLE PROCUREMENTS.*—*The second phase may include a single*  
17                   *procurement or multiple procurements within*  
18                   *the scope, or for the purpose, described in the no-*  
19                   *tice pursuant to paragraph (2)(A).*

21                   “(4) *PROCEDURES CONSIDERED COMPETITIVE.*—  
22                   *The procedures used for selecting a source for a pro-*  
23                   *urement under this subsection shall be considered*  
24                   *competitive procedures for all purposes.*

1           “(e) *USE OF SIMPLIFIED PROCEDURES FOR COMMER-*  
2 *CIAL ITEMS.*—Whenever the PBO anticipates that commer-  
3 *cial items will be offered for a procurement, the PBO may*  
4 *use (consistent with the special rules for commercial items)*  
5 *the special simplified procedures for the procurement with-*  
6 *out regard to—*

7           “(1) *any dollar limitation otherwise applicable*  
8 *to the use of those procedures; and*

9           “(2) *the expiration of the authority to use special*  
10 *simplified procedures under section 4202(e) of the*  
11 *Clinger-Cohen Act of 1996 (110 Stat. 654; 10 U.S.C.*  
12 *2304 note).*

13           “(f) *FLEXIBLE WAIT PERIODS AND DEADLINES FOR*  
14 *SUBMISSION OF OFFERS OF NONCOMMERCIAL ITEMS.*—

15           “(1) *AUTHORITY.*—In carrying out a procure-  
16 *ment, the PBO may—*

17           “(A) *apply a shorter waiting period for the*  
18 *issuance of a solicitation after the publication of*  
19 *a notice under section 18 Office of Federal Pro-*  
20 *curement Policy Act (41 U.S.C. 416) than is re-*  
21 *quired under subsection (a)(3)(A) of such section;*  
22 *and*

23           “(B) *notwithstanding subsection (a)(3) of*  
24 *such section, establish any deadline for the sub-*  
25 *mission of bids or proposals that affords poten-*

1            *tial offerors a reasonable opportunity to respond*  
2            *to the solicitation.*

3            “(2) *INAPPLICABILITY TO COMMERCIAL ITEMS.—*  
4            *Paragraph (1) does not apply to a procurement of a*  
5            *commercial item.*

6            “(3) *CONSISTENCY WITH APPLICABLE INTER-*  
7            *NATIONAL AGREEMENTS.—If an international agree-*  
8            *ment is applicable to the procurement, any exercise of*  
9            *authority under paragraph (1) shall be consistent*  
10           *with the international agreement.*

11           “(g) *MODULAR CONTRACTING.—*

12           “(1) *IN GENERAL.—The PBO may satisfy the re-*  
13           *quirements of the PBO for a system incrementally by*  
14           *carrying out successive procurements of modules of*  
15           *the system. In doing so, the PBO may use procedures*  
16           *authorized under this subsection to procure any such*  
17           *module after the first module.*

18           “(2) *UTILITY REQUIREMENT.—A module may*  
19           *not be procured for a system under this subsection un-*  
20           *less the module is useful independently of the other*  
21           *modules or useful in combination with another mod-*  
22           *ule previously procured for the system.*

23           “(3) *CONDITIONS FOR USE OF AUTHORITY.—The*  
24           *PBO may use procedures authorized under paragraph*

1       (4) for the procurement of an additional module for  
2       a system if—

3               “(A) competitive procedures were used for  
4               awarding the contract for the procurement of the  
5               first module for the system; and

6               “(B) the solicitation for the first module in-  
7               cluded—

8                       “(i) a general description of the entire  
9                       system that was sufficient to provide poten-  
10                      tial offerors with reasonable notice of the  
11                      general scope of future modules;

12                     “(ii) other information sufficient for  
13                     potential offerors to make informed business  
14                     judgments regarding whether to submit of-  
15                     fers for the contract for the first module;  
16                     and

17                     “(iii) a statement that procedures au-  
18                     thorized under this subsection could be used  
19                     for awarding subsequent contracts for the  
20                     procurement of additional modules for the  
21                     system.

22               “(4) PROCEDURES.—If the procurement of the  
23               first module for a system meets the requirements set  
24               forth in paragraph (3), the PBO may award a con-

1 *tract for the procurement of an additional module for*  
2 *the system using any of the following procedures:*

3 *“(A) SOLE SOURCE.—Award of the contract*  
4 *on a sole-source basis to a contractor who was*  
5 *awarded a contract for a module previously pro-*  
6 *cured for the system under competitive proce-*  
7 *dures or procedures authorized under subpara-*  
8 *graph (B).*

9 *“(B) ADEQUATE COMPETITION.—Award of*  
10 *the contract on the basis of offers made by—*

11 *“(i) a contractor who was awarded a*  
12 *contract for a module previously procured*  
13 *for the system after having been selected for*  
14 *award of the contract under this subpara-*  
15 *graph or other competitive procedures; and*

16 *“(ii) at least one other offeror that sub-*  
17 *mitted an offer for a module previously pro-*  
18 *cured for the system and is expected, on the*  
19 *basis of the offer for the previously procured*  
20 *module, to submit a competitive offer for the*  
21 *additional module.*

22 *“(C) OTHER.—Award of the contract under*  
23 *any other procedure authorized by law.*

24 *“(5) NOTICE REQUIREMENT.—*

1           “(A) *PUBLICATION.*—Not less than 30 days  
2 before issuing a solicitation for offers for a con-  
3 tract for a module for a system under procedures  
4 authorized under subparagraph (A) or (B) of  
5 paragraph (4), the PBO shall publish in the  
6 *Commerce Business Daily* a notice of the intent  
7 to use such procedures to enter into the contract.

8           “(B) *EXCEPTION.*—Publication of a notice  
9 is not required under this paragraph with re-  
10 spect to a use of procedures authorized under  
11 paragraph (4) if the contractor referred to in  
12 that subparagraph (who is to be solicited to sub-  
13 mit an offer) has previously provided a module  
14 for the system under a contract that contained  
15 cost, schedule, and performance goals and the  
16 contractor met those goals.

17           “(C) *CONTENT OF NOTICE.*—A notice pub-  
18 lished under subparagraph (A) with respect to a  
19 use of procedures described in paragraph (4)  
20 shall contain the information required under sec-  
21 tion 18(b) of the *Office of Federal Procurement*  
22 *Policy Act* (41 U.S.C. 416(b)), other than para-  
23 graph (4) of such section, and shall invite the  
24 submission of any assertion that the use of the  
25 procedures for the procurement involved is not in

1           *the best interest of the Federal Government to-*  
2           *gether with information supporting the assertion.*

3           “(6) *DOCUMENTATION.*—*The basis for an award*  
4           *of a contract under this subsection shall be docu-*  
5           *mented. However, a justification pursuant to section*  
6           *303(f) of the Federal Property and Administrative*  
7           *Services Act of 1949 (41 U.S.C. 253(f)) or section*  
8           *8(h) of the Small Business Act (15 U.S.C. 637(h)) is*  
9           *not required.*

10           “(7) *SIMPLIFIED SOURCE-SELECTION PROCEDURE-*  
11           *S.*—*The PBO may award a contract under any*  
12           *other simplified procedures prescribed by the PBO for*  
13           *the selection of sources for the procurement of modules*  
14           *for a system, after the first module, that are not to*  
15           *be procured under a contract awarded on a sole-*  
16           *source basis.*

17           “(h) *USE OF SIMPLIFIED PROCEDURES FOR SMALL*  
18           *BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COM-*  
19           *MERCIAL ITEMS.*—

20           “(1) *AUTHORITY.*—*The PBO may use special*  
21           *simplified procedures for a procurement of services*  
22           *that are not commercial items if—*

23                           “(A) *the procurement is in an amount not*  
24                           *greater than \$1,000,000;*

1           “(B) the procurement is conducted as a  
2           small business set-aside pursuant to section  
3           15(a) of the Small Business Act (15 U.S.C.  
4           644(a)); and

5           “(C) the price charged for supplies associ-  
6           ated with the services procured are items of sup-  
7           ply expected to be less than 20 percent of the  
8           total contract price.

9           “(2) *INAPPLICABILITY TO CERTAIN PROCURE-*  
10          *MENTS.—The authority set forth in paragraph (1)*  
11          *may not be used for—*

12                  “(A) an award of a contract on a sole-  
13                  source basis; or

14                  “(B) a contract for construction.

15          “(i) *GUIDANCE FOR USE OF AUTHORITY.—*

16                  “(1) *ISSUANCE BY PBO.—The Chief Operating*  
17          *Officer of the PBO, in consultation with the Adminis-*  
18          *trator for Federal Procurement Policy, shall issue*  
19          *guidance for the use by PBO personnel of the author-*  
20          *ity provided in this section.*

21                  “(2) *GUIDANCE FROM OFPP.—As part of the con-*  
22          *sultation required under paragraph (1), the Adminis-*  
23          *trator for Federal Procurement Policy shall provide*  
24          *the PBO with guidance that is designed to ensure, to*  
25          *the maximum extent practicable, that the authority*

1        *under this section is exercised by the PBO in a man-*  
2        *ner that is consistent with the exercise of the author-*  
3        *ity by the heads of the other performance-based orga-*  
4        *nizations.*

5            *“(3) COMPLIANCE WITH OFPP GUIDANCE.—The*  
6        *head of the PBO shall ensure that the procurements*  
7        *of the PBO under this section are carried out in a*  
8        *manner that is consistent with the guidance provided*  
9        *for the PBO under paragraph (2).*

10          *“(j) LIMITATION ON MULTIAGENCY CONTRACTING.—*  
11        *No department or agency of the Federal Government may*  
12        *purchase property or services under contracts entered into*  
13        *or administered by a PBO under this section unless the*  
14        *purchase is approved in advance by the senior procurement*  
15        *official of that department or agency who is responsible for*  
16        *purchasing by the department or agency.*

17          *“(k) LAWS NOT AFFECTED.—Nothing in this section*  
18        *shall be construed to waive laws for the enforcement of civil*  
19        *rights or for the establishment and enforcement of labor*  
20        *standards that are applicable to contracts of the Federal*  
21        *Government.*

22          *“(l) DEFINITIONS.—In this section:*

23            *“(1) COMMERCIAL ITEM.—The term ‘commercial*  
24        *item’ has the meaning given the term in section 4(12)*

1       *of the Office of Federal Procurement Policy Act (41*  
2       *U.S.C. 403(12)).*

3               “(2) *COMPETITIVE PROCEDURES.*—*The term*  
4       *‘competitive procedures’ has the meaning given the*  
5       *term in section 309(b) of the Federal Property and*  
6       *Administrative Services Act of 1949 (41 U.S.C.*  
7       *259(b)).*

8               “(3) *MUTUAL BENEFIT CORPORATION.*—*The term*  
9       *‘mutual benefit corporation’ means a corporation or-*  
10       *ganized and chartered as a mutual benefit corpora-*  
11       *tion under the laws of any State governing the incor-*  
12       *poration of nonprofit corporations.*

13               “(4) *SOLE-SOURCE BASIS.*—*The term ‘sole-source*  
14       *basis’, with respect to an award of a contract, means*  
15       *that the contract is awarded to a source after solicit-*  
16       *ing an offer or offers from, and negotiating with, only*  
17       *that source.*

18               “(5) *SPECIAL RULES FOR COMMERCIAL ITEMS.*—  
19       *The term ‘special rules for commercial items’ means*  
20       *the regulations set forth in the Federal Acquisition*  
21       *Regulation pursuant to section 303(g)(1) of the Fed-*  
22       *eral Property and Administrative Services Act of*  
23       *1949 (41 U.S.C. 253(g)(1)) and section 31 of the Of-*  
24       *fice of Federal Procurement Policy Act (41 U.S.C.*  
25       *427).*

1           “(6) *SPECIAL SIMPLIFIED PROCEDURES.*—The  
 2           term ‘special simplified procedures’ means the proce-  
 3           dures applicable to purchases of property and services  
 4           for amounts not greater than the simplified acquisi-  
 5           tion threshold that are set forth in the Federal Acqui-  
 6           sition Regulation pursuant to section 303(g)(1)(B) of  
 7           the Federal Property and Administrative Services Act  
 8           of 1949 (41 U.S.C. 253(g)(1)(A)) and section 31(a)(1)  
 9           of the Office of Federal Procurement Policy Act (41  
 10          U.S.C. 427(a)(1)).”.

11 **SEC. 496. STUDENT LOAN OMBUDSMAN OFFICE.**

12           Title IV (20 U.S.C. 1070 et seq.) is amended by adding  
 13 after part I (as added by section 495) the following:

14          **“PART J—STUDENT LOAN OMBUDSMAN OFFICE**

15          **“SEC. 499F. STUDENT LOAN OMBUDSMAN OFFICE.**

16           “(a) *OFFICE ESTABLISHED.*—The Secretary shall es-  
 17           tablish, within the Department, a Student Loan Ombuds-  
 18           man Office.

19           “(b) *INDEPENDENCE OF STUDENT LOAN OMBUDSMAN*  
 20           *OFFICE.*—In the exercise of its functions, powers, and du-  
 21           ties, the Student Loan Ombudsman Office shall be inde-  
 22           pendent of the Secretary and the other offices and officers  
 23           of the Department.

24           “(c) *STUDENT LOAN OMBUDSMAN.*—The Student Loan  
 25           Ombudsman Office shall be managed by the Student Loan

1 *Ombudsman, who shall be appointed by the Secretary to*  
2 *a 5-year term. The Secretary shall appoint the Student*  
3 *Loan Ombudsman not later than 6 months after the date*  
4 *of enactment of the Higher Education Amendments of 1998.*  
5 *The appointment shall be made without regard to political*  
6 *affiliation or activity. The Secretary may reappoint the*  
7 *Student Loan Ombudsman to subsequent terms.*

8       “(d) *DUTIES AND RESPONSIBILITIES.—The Student*  
9 *Loan Ombudsman Office shall—*

10               “(1) *directly assist student loan borrowers with*  
11 *loans made, insured, or guaranteed under this title;*

12               “(2) *ensure that student loan borrower com-*  
13 *plaints and requests for assistance are promptly re-*  
14 *solved and responded to by the Secretary, contractors*  
15 *or servicers, guaranty agencies, lenders, and other*  
16 *loan holders, or the agents of such individuals or enti-*  
17 *ties;*

18               “(3) *investigate and resolve complaints of stu-*  
19 *dent loan borrowers;*

20               “(4) *provide information on the experience of*  
21 *borrowers with respect to existing and proposed stat-*  
22 *utes, regulations, and Department directives and ac-*  
23 *tions;*

1           “(5) track and analyze complaint data by loan  
2           program, institution, lender, guaranty agency, and  
3           servicer, as applicable; and

4           “(6) report annually to the appropriate commit-  
5           tees of Congress, which report shall be made available  
6           to the public, regarding the responsibilities and per-  
7           formance of the Student Loan Ombudsman Office, in-  
8           cluding an analysis of complaint data described in  
9           paragraph (5).

10          “(e) *STUDENT LOAN OMBUDSMAN OFFICE ACCESS TO*  
11 *RECORDS.*—*The Student Loan Ombudsman Office shall,*  
12 *upon presentation of a signed release form from a student*  
13 *loan borrower, have full and complete access to all records*  
14 *regarding the borrower’s loan and education program that*  
15 *are necessary to carry out the Student Loan Ombudsman’s*  
16 *duties. The Student Loan Ombudsman shall maintain per-*  
17 *sonal identifying information in the strictest confidence*  
18 *and use such information only for the purpose of assisting*  
19 *the borrower in pursuing resolution of the individual’s com-*  
20 *plaint, unless written authorization is obtained to use such*  
21 *information for other specified purposes.*

22          “(f) *ACCESSIBILITY FOR BORROWERS.*—*The Student*  
23 *Loan Ombudsman Office shall maintain a toll-free tele-*  
24 *phone number and Internet web site for receiving borrower*  
25 *complaints.*

1           “(g) *NOTIFICATION TO BORROWERS.*—*The Student*  
2 *Loan Ombudsman Office shall encourage maximum out-*  
3 *reach to borrowers by all appropriate parties, including the*  
4 *Department, Congress, lenders, institutions of higher edu-*  
5 *cation, loan servicers, and guaranty agencies, to provide on-*  
6 *going notice, to student loan borrowers, of the Student Loan*  
7 *Ombudsman Office. Such notice, including the toll-free tele-*  
8 *phone number, at a minimum, shall be given to borrowers*  
9 *in publications and on Internet web sites.*

10           “(h) *CONFLICT OF INTEREST.*—*Employees of the Stu-*  
11 *dent Loan Ombudsman Office shall not be employees or offi-*  
12 *cers of any participant in the student loan programs under*  
13 *this Act (other than the Department), including any lender,*  
14 *guaranty agency, proprietary institution of higher edu-*  
15 *cation, postsecondary vocational institution, institution of*  
16 *higher education, loan servicer, collections agency, or trade*  
17 *association or education advocacy group representing any*  
18 *such entity. The Student Loan Ombudsman Office shall*  
19 *avoid all conflicts of interest and appearances of impropri-*  
20 *ety.*

21           “(i) *SUPPLEMENT AND NOT SUPPLANT.*—*The remedies*  
22 *and procedures of the Student Loan Ombudsman Office*  
23 *shall supplement and not supplant any other consumer*  
24 *remedies and procedures available to borrowers.*

1       “(j) *FUNDING.*—*In each fiscal year, not less than*  
2 *\$2,000,000 of the amount appropriated for the fiscal year*  
3 *for salaries and expenses at the Department shall be avail-*  
4 *able to carry out this section.”.*

5       ***TITLE V—GRADUATE AND POST-***  
6       ***SECONDARY IMPROVEMENT***  
7       ***PROGRAMS***

8       ***SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.***

9       *(a) IN GENERAL.*—*Title V (20 U.S.C. 1101 et seq.) is*  
10 *amended—*

11               *(1) by amending the title heading to read as fol-*  
12 *lows:*

13       ***“TITLE V—GRADUATE AND POST-***  
14       ***SECONDARY IMPROVEMENT***  
15       ***PROGRAMS”;***

16               *(2) by repealing parts A, B, C, D, E, and F of*  
17 *title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104 et*  
18 *seq., 1107 et seq., 1111 et seq., and 1113 et seq.);*

19               *(3) by transferring part C of title IX, part D of*  
20 *title IX, part A of title XI, and part A of title X (20*  
21 *U.S.C. 1134h et seq., 1134l et seq., 1136 et seq., and*  
22 *1135 et seq.) to title V and redesignating such parts*  
23 *as parts A, B, D, and E, respectively;*

1           (4) by redesignating sections 931 through 935  
2           (20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as sec-  
3           tions 501 through 505, respectively;

4           (5) by redesignating sections 941 through 947  
5           (20 U.S.C. 1134l and 1134q–1) as section 511  
6           through 517, respectively;

7           (6) by redesignating sections 1101 through 1109  
8           (20 U.S.C. 1136 through 1136h) as sections 531  
9           through 539, respectively; and

10          (7) by redesignating sections 1001, 1002, 1003,  
11          1004, and 1011 (20 U.S.C. 1135, 1135a–1, 1135a–2,  
12          1135a–3, and 1135a–11) as sections 541, 542, 543,  
13          544, and 551, respectively.

14          (b) *CROSS REFERENCE CONFORMING AMENDMENTS.*—

15           (1) *JACOB K. JAVITS FELLOWSHIP PROGRAM.*—  
16           Section 504(a) (as redesignated by subsection (a)(4))  
17           (20 U.S.C. 1134k(a)) is amended by striking “933”  
18           and inserting “503”.

19           (2) *GRADUATE ASSISTANCE IN AREAS OF NA-*  
20           *TIONAL NEED.*—Part B of title V (as redesignated by  
21           paragraphs (3) and (5) of subsection (a)) (20 U.S.C.  
22           1134l et seq.) is amended—

23           (A) in section 514(b)(7) (as redesignated by  
24           subsection (a)(5)) (20 U.S.C. 1134o(b)(7)), by  
25           striking “945” and inserting “515”; and

1           (B) in section 515(c) (as redesignated by  
2           subsection (a)(5)) (20 U.S.C. 1134p(c))—

3           (i) by striking “946(a)” and inserting  
4           “516(a)”; and

5           (ii) by striking “944(b)(2)” and insert-  
6           ing “514(b)(2)”.

7           (3) *URBAN AND COMMUNITY SERVICE*.—Part C  
8           of title V (as redesignated by paragraphs (3) and (6)  
9           of subsection (a)) (20 U.S.C. 1136 et seq.) is amend-  
10          ed—

11           (A) in section 532(b) (20 U.S.C. 1136a(b)),  
12           by striking “1104” and inserting “534”;

13           (B) in section 534(12) (20 U.S.C.  
14           1136c(12)), by striking “1103(a)(2)(B)” and in-  
15           serting “533(a)(2)(B)”; and

16           (C) in section 538(1) (20 U.S.C. 1136g(1)),  
17           by striking “1103” and inserting “533”.

18           (4) *FIPSE*.—Subsections (b) and (c) of section  
19           544 (as redesignated by subsection (a)(7)) (20 U.S.C.  
20           1135a–3) each are amended by striking “1001(b)”  
21           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 superior*  
6 *ability and achievement, exceptional promise,*  
7 *and demonstrated financial need, into high-qual-*  
8 *ity graduate programs and provide the students*  
9 *with the financial support necessary to complete*  
10 *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;*

15 *“(ii) encourage talented students to*  
16 *pursue scholarly careers in the humanities,*  
17 *social sciences, and the arts; and*

18 *“(iii) encourage talented individuals*  
19 *from underrepresented groups to pursue fac-*  
20 *ulty careers in higher education; 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 501 (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 502 (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 503 (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 514(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 515 (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 516(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          517 (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—FACULTY DEVELOPMENT PROGRAM**

19          **SEC. 531. FACULTY DEVELOPMENT PROGRAM REAUTHOR-**  
20          **IZED.**

21          Title V (20 U.S.C. 1101 et seq.) is amended further  
22          by inserting after part B (as redesignated by section  
23          501(a)(3)) the following:

1                   **“PART C—FACULTY DEVELOPMENT**

2                                   **FELLOWSHIPS**

3   **“SEC. 521. FACULTY DEVELOPMENT FELLOWSHIPS AUTHOR-**

4                                   **IZED.**

5           “(a) *IN GENERAL.*—*The Secretary shall make grants*  
6 *to institutions of higher education, or consortia of such in-*  
7 *stitutions, to enable such institutions to award fellowships*  
8 *to talented graduate students in order to increase the access*  
9 *of individuals from underrepresented groups to pursue*  
10 *graduate study, and to teach in institutions of higher edu-*  
11 *cation.*

12           “(b) *UNDERREPRESENTED GROUPS DEFINED.*—*For*  
13 *the purpose of this part, the term ‘underrepresented groups’*  
14 *means African Americans, Hispanic Americans, Asian*  
15 *Americans, Native Americans, Pacific Islanders, Native*  
16 *Hawaiians, and individuals who are pursuing graduate*  
17 *study in academic disciplines in which the individuals are*  
18 *underrepresented for the individuals’ gender.*

19           “(c) *PREFERENCE.*—*In making awards under this*  
20 *part, the Secretary shall give preference to applicants with*  
21 *a demonstrated record of—*

22                   “(1) *admitting students from the Ronald E.*  
23 *McNair Postbaccalaureate Achievement Program or a*  
24 *program with a similar purpose;*

25                   “(2) *graduating individuals from groups under-*  
26 *represented in graduate education; and*

1           “(3) placing the graduates of the institution or  
2           consortium in faculty positions in institutions of  
3           higher education.

4           “(d) *REPORTING.*—Each institution of higher edu-  
5           cation or consortium receiving a grant under this section  
6           shall, on an annual basis, provide to the Secretary evidence  
7           regarding—

8           “(1) the success of the institution in attracting  
9           underrepresented students into graduate programs;

10           “(2) graduating the students; and

11           “(3) the success of each graduate in obtaining a  
12           faculty position in an institution of higher education.

13           “(e) *APPLICATION REQUIRED.*—

14           “(1) *IN GENERAL.*—Each academic department  
15           or program of an institution of higher education de-  
16           siring a grant under this part shall submit an appli-  
17           cation to the Secretary at such time, in such manner,  
18           and containing such information as the Secretary  
19           may reasonably require.

20           “(2) *ADDITIONAL ASSURANCES.*—Each applica-  
21           tion submitted pursuant to paragraph (1) shall—

22           “(A) provide an assurance that, in the event  
23           that funds made available to the academic de-  
24           partment or program under this part are insuf-  
25           ficient to provide assistance due a student under

1           *a commitment entered into between the academic*  
2           *department and the student, the academic de-*  
3           *partment or program will endeavor, from funds*  
4           *available to the department or program, to fulfill*  
5           *the commitment made to the student; and*

6                   “(B) contain such other assurances as the  
7           Secretary may reasonably require.

8                   “(3) APPROVAL OF APPLICATIONS.—The Sec-  
9           retary shall prescribe criteria for the approval of ap-  
10          plications submitted under paragraph (1).

11                   “(f) AUTHORIZATION OF APPROPRIATIONS.—There are  
12          authorized to be appropriated to carry out this part  
13          \$30,000,000 for fiscal year 1999 and such sums as may be  
14          necessary for each of the 4 succeeding fiscal years.”.

15                   **PART D—URBAN COMMUNITY SERVICE**

16                   **SEC. 541. URBAN COMMUNITY SERVICE.**

17                   “(a) PRIORITY.—Section 533(b) (as redesignated by sec-  
18          tion 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by adding  
19          at the end the following: “In addition, the Secretary shall  
20          give priority to eligible institutions submitting applications  
21          that demonstrate the eligible institution’s commitment to  
22          urban community service.”.

23                   “(b) AUTHORIZATION OF APPROPRIATIONS.—Section  
24          539 (as redesignated by section 501(a)(6)) (20 U.S.C.

1 1136h) is amended by striking “1993” and inserting  
2 “1999”.

3       **PART E—FUND FOR THE IMPROVEMENT OF**  
4                   **POSTSECONDARY EDUCATION**

5       **SEC. 551. FUND FOR THE IMPROVEMENT OF POSTSECON-**  
6                   **ARY EDUCATION.**

7       (a) *AUTHORITY.*—Section 541(a) (as redesignated by  
8 section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

9               (1) in the matter preceding paragraph (1)—

10                   (A) by striking “or combinations of such in-  
11                   stitutions” and inserting “, combinations of such  
12                   institutions,”; and

13                   (B) by striking “institutions and combina-  
14                   tions of such institutions” and inserting “insti-  
15                   tutions, combinations, and agencies”; and

16               (2) in paragraph (2)—

17                   (A) by striking “and programs involving  
18                   new” and inserting “, programs and joint efforts  
19                   involving”; and

20                   (B) by striking “new combinations” and in-  
21                   serting “combinations”.

22       (b) *TECHNICAL EMPLOYEES.*—Section 543(a) (as re-  
23       designated by section 501(a)(7)) (20 U.S.C. 1135a-2(a)) is  
24       amended by striking “5 technical” and inserting “7 tech-  
25       nical”.

1       (c) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
2 544 (as redesignated by section 501(a)(7)) (20 U.S.C.  
3 1135a–3) is amended—

4           (1) in subsection (a), by striking “\$20,000,000  
5 for fiscal year 1993” and inserting “\$26,000,000 for  
6 fiscal year 1999”; and

7           (2) in subsection (b), by striking “1993” and in-  
8 serting “1999”.

9       (d) *AREAS OF NATIONAL NEED.*—

10           (1) *AREAS.*—Section 551(c) (as redesignated by  
11 section 501(a)(7)) (20 U.S.C. 1135a–11(c)) is amend-  
12 ed—

13           (A) in paragraph (2), by striking “Campus  
14 climate and culture” and inserting “Institu-  
15 tional restructuring to improve learning and  
16 promote cost efficiencies”;

17           (B) in paragraph (3), by inserting “of  
18 model programs” after “dissemination”; and

19           (C) by adding at the end the following:

20           “(4) *Articulation between 2-year and 4-year in-*  
21 *stitutions of higher education, including developing*  
22 *innovative methods for ensuring the successful trans-*  
23 *fer of students from 2-year to 4-year institutions of*  
24 *higher education.*”.

1           (2) *AUTHORIZATION OF APPROPRIATIONS.—Section*  
2           *tion 551(d) (as redesignated by section 501(a)(7)) (20*  
3           *U.S.C. 1135a–11(d)) is amended by striking “1993”*  
4           *and inserting “1999”.*

5   ***PART F—HIGHER EDUCATION ACCESS FOR STU-***  
6           ***DENTS WITH DISABILITIES; HISPANIC-SERV-***  
7           ***ING INSTITUTIONS; GENERAL PROVISIONS***

8   ***SEC. 561. HIGHER EDUCATION ACCESS FOR STUDENTS***  
9           ***WITH DISABILITIES; HISPANIC-SERVING IN-***  
10           ***STITUTIONS; GENERAL PROVISIONS.***

11           *Title V (20 U.S.C. 1101 et seq.) is amended further*  
12           *by adding at the end the following:*

13           ***“PART F—HIGHER EDUCATION ACCESS FOR***  
14           ***STUDENTS WITH DISABILITIES***

15           ***“SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS***  
16           ***WITH DISABILITIES.***

17           *“(a) PURPOSE.—It is the purpose of this part—*

18                   *“(1) to support the development of model pro-*  
19                   *grams to provide technical assistance or training, and*  
20                   *professional development, for faculty and administra-*  
21                   *tors in institutions of higher education, as defined in*  
22                   *section 481(a), to provide the faculty and administra-*  
23                   *tors with the skills and assistance to teach effectively*  
24                   *students with disabilities; and*

1           “(2) *to ensure effective evaluation and dissemi-*  
2           *nation of such model programs.*

3           “(b) *GRANTS AUTHORIZED.—*

4           “(1) *IN GENERAL.—The Secretary is authorized*  
5           *to award grants to institutions of higher education to*  
6           *carry out the purposes of this part.*

7           “(2) *MODEL PROGRAMS.—To the extent feasible,*  
8           *the model programs developed under this part shall be*  
9           *developed for a range of types and sizes of institutions*  
10          *of higher education.*

11          “(3) *GEOGRAPHIC DISTRIBUTION.—In awarding*  
12          *grants under this part, the Secretary shall consider—*

13                  “(A) *providing an equitable geographic dis-*  
14                  *tribution of such grants; and*

15                  “(B) *distributing such grants to urban and*  
16                  *rural areas.*

17          “(4) *APPROACHES.—The Secretary shall award*  
18          *grants under this part for a range of approaches to*  
19          *providing support to faculty and administrators, such*  
20          *as in-service training, professional development, cus-*  
21          *tomized and general technical assistance, workshops,*  
22          *summer institutes, distance learning and the use of*  
23          *educational technology.*

24          “(c) *DISSEMINATION OF GRANTS.—The Secretary may*  
25          *award grants to institutions of higher education that have*

1 *demonstrated exceptional programs for students with dis-*  
2 *abilities under this part in order to disseminate those pro-*  
3 *grams.*

4       “(d) *APPLICATIONS.*—*Each institution of higher edu-*  
5 *cation desiring a grant under this part shall submit an ap-*  
6 *plication to the Secretary at such time, in such manner,*  
7 *and accompanied by such information as the Secretary*  
8 *may require. Each such application shall include—*

9               “(1) *a plan to assess the needs of the institution*  
10 *of higher education in order to meet the purposes of*  
11 *this part, in consultation with a broad range of per-*  
12 *sons within that institution; and*

13               “(2) *a plan for coordinating with or collaborat-*  
14 *ing with the office within the institution that pro-*  
15 *vides services to students with disabilities, and the*  
16 *equal opportunity office within the institution, if the*  
17 *offices exist.*

18       “(e) *USE OF FUNDS.*—*Any institution of higher edu-*  
19 *cation receiving a grant under this part—*

20               “(1) *shall use the grant funds to—*

21                       “(A) *meet the purposes of this section; and*

22                       “(B) *ensure that projects assisted under this*  
23 *part include components for model development,*  
24 *demonstration, evaluation, and dissemination to*  
25 *other institutions of higher education; and*

1           “(2) may include, to the extent practicable, grad-  
2           uate teaching assistants in the services provided  
3           under the grant.

4           “(f) GRANT AWARDS.—The Secretary shall award  
5           grants under this part for a period of 3 years.

6           “(g) CONSTRUCTION.—Nothing in this section shall be  
7           construed to impose any additional duty, obligation, or re-  
8           sponsibility on an institution of higher education, or on  
9           the institution’s administrators, faculty, or staff, in addi-  
10          tion to the requirements of section 504 of the Rehabilitation  
11          Act of 1973 and the Americans with Disabilities Act of  
12          1990.

13          “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
14          are authorized to be appropriated to carry out this section  
15          \$10,000,000 for fiscal year 1999 and such sums as may be  
16          necessary for each of the 4 succeeding fiscal years.

17          **“PART G—HISPANIC-SERVING INSTITUTIONS**

18          **“SEC. 580. FINDINGS.**

19          “Congress makes the following findings:

20                 “(1) Hispanic Americans are at high risk of not  
21                 enrolling or graduating from institutions of higher  
22                 education.

23                 “(2) Disparities between the enrollment of non-  
24                 Hispanic white students and Hispanic students in  
25                 postsecondary education are increasing. Between 1973

1        *and 1994, enrollment of white secondary school grad-*  
2        *uates in 4-year institutions of higher education in-*  
3        *creased at a rate 2 times higher than that of His-*  
4        *panic secondary school graduates.*

5                *“(3) Despite significant limitations in resources,*  
6        *Hispanic-serving institutions provide a significant*  
7        *proportion of postsecondary opportunities for His-*  
8        *panic students.*

9                *“(4) Relative to other institutions of higher edu-*  
10        *cation, Hispanic-serving institutions are under-*  
11        *funded. Such institutions receive significantly less in*  
12        *State and local funding, per full-time equivalent stu-*  
13        *dent, than other institutions of higher education.*

14                *“(5) Hispanic-serving institutions are succeeding*  
15        *in educating Hispanic students despite significant re-*  
16        *source problems that—*

17                        *“(A) limit the ability of such institutions to*  
18                        *expand and improve the academic programs of*  
19                        *such institutions; and*

20                        *“(B) could imperil the financial and ad-*  
21                        *ministrative stability of such institutions.*

22                *“(6) There is a national interest in remedying*  
23        *the disparities described in paragraphs (2) and (4)*  
24        *and ensuring that Hispanic students have an equal*  
25        *opportunity to pursue postsecondary opportunities.*

1 **“SEC. 581. PURPOSE.**

2 *“The purpose of this part is to—*

3 *“(1) expand educational opportunities for, and*  
4 *improve the academic attainment of, Hispanic stu-*  
5 *dents; and*

6 *“(2) expand and enhance the academic offerings,*  
7 *program quality, and institutional stability of col-*  
8 *leges and universities that are educating the majority*  
9 *of Hispanic college students and helping large num-*  
10 *bers of Hispanic students and other low-income indi-*  
11 *viduals complete postsecondary degrees.*

12 **“SEC. 582. PROGRAM AUTHORIZED.**

13 *“(a) IN GENERAL.—The Secretary shall provide grants*  
14 *and related assistance to Hispanic-serving institutions to*  
15 *enable such institutions to improve and expand their capac-*  
16 *ity to serve Hispanic students and other low-income indi-*  
17 *viduals.*

18 *“(b) AUTHORIZED ACTIVITIES.—*

19 *“(1) TYPES OF ACTIVITIES AUTHORIZED.—*  
20 *Grants awarded under this section shall be used by*  
21 *Hispanic-serving institutions of higher education to*  
22 *assist such institutions to plan, develop, undertake,*  
23 *and carry out programs to improve and expand such*  
24 *institutions’ capacity to serve Hispanic students and*  
25 *other low-income students.*

1           “(2) *EXAMPLES OF AUTHORIZED ACTIVITIES.*—

2           *The programs 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) *renovation and improvement in class-*  
9                   *room, library, laboratory, and other instruc-*  
10                  *tional facilities;*

11                  “(C) *support of faculty exchanges, and fac-*  
12                  *ulty development and faculty fellowships to as-*  
13                  *sist in attaining advanced degrees in their field*  
14                  *of instruction;*

15                  “(D) *curriculum development and academic*  
16                  *instruction;*

17                  “(E) *purchase of library books, periodicals,*  
18                  *microfilm, and other educational materials;*

19                  “(F) *funds and administrative manage-*  
20                  *ment, and acquisition of equipment for use in*  
21                  *strengthening funds management;*

22                  “(G) *joint use of facilities such as labora-*  
23                  *tories and libraries;*

24                  “(H) *academic tutoring and counseling pro-*  
25                  *grams and student support services; and*

1           “(I) *expanding the number of Hispanic and*  
2           *other underrepresented graduate and professional*  
3           *students that can be served by the institution by*  
4           *expanding courses and institutional resources.*

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 in-*  
10          *stitution.*

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 subparagraph (A), for the estab-*  
17          *lishment or increase of the endowment fund.*

18          “(C) *COMPARABILITY.—The provisions of*  
19          *part C of title III regarding the establishment or*  
20          *increase of an endowment fund, that the Sec-*  
21          *retary determines are not inconsistent with this*  
22          *paragraph, shall apply to funds used under sub-*  
23          *paragraph (A).*

24          “(c) *WAIT-OUT-PERIOD.—Each Hispanic-serving in-*  
25          *stitution that receives a grant under this part shall not be*

1 *eligible to receive an additional grant under this part until*  
2 *2 years after the date on which the preceding grant period*  
3 *terminates.*

4 **“SEC. 583. APPLICATION PROCESS.**

5       “(a) *INSTITUTIONAL ELIGIBILITY.*—*Each Hispanic-*  
6 *serving institution desiring to receive assistance under this*  
7 *part shall submit to the Secretary such enrollment data as*  
8 *may be necessary to demonstrate that the institution is a*  
9 *Hispanic-serving institution as defined in section 585,*  
10 *along with such other data and information as the Sec-*  
11 *retary may by regulation require.*

12       “(b) *APPLICATIONS.*—*Any institution which is deter-*  
13 *mined by the Secretary to be a Hispanic-serving institution*  
14 *(on the basis of the data and information submitted under*  
15 *subsection (a)) may submit an application for assistance*  
16 *under this part to the Secretary. Such application shall in-*  
17 *clude—*

18               “(1) *a 5-year plan for improving the assistance*  
19 *provided by the Hispanic-serving institution to His-*  
20 *panic students and other low-income individuals; and*

21               “(2) *such other information and assurance as the*  
22 *Secretary may require.*

23       “(c) *PRIORITY.*—*With respect to applications for as-*  
24 *sistance under this section, the Secretary shall give priority*  
25 *to an application that contains satisfactory evidence that*

1 *the Hispanic-serving institution has entered into or will*  
2 *enter into a collaborative arrangement with at least one*  
3 *local educational agency or community-based organization*  
4 *to provide such agency or organization with assistance*  
5 *(from funds other than funds provided under this part) in*  
6 *reducing dropout rates for Hispanic students, improving*  
7 *rates of academic achievement for Hispanic students, and*  
8 *increasing the rates at which Hispanic secondary school*  
9 *graduates enroll in higher education.*

10 **“SEC. 584. SPECIAL RULE.**

11 *“No Hispanic-serving institution that is eligible for*  
12 *and receives funds under this part may receive funds under*  
13 *part A or B of title III during the period for which funds*  
14 *under this part are awarded.*

15 **“SEC. 585. DEFINITIONS.**

16 *“For purposes of this part:*

17 *“(1) HISPANIC-SERVING INSTITUTION.—The term*  
18 *‘Hispanic-serving institution’ means an institution of*  
19 *higher education which—*

20 *“(A) is an eligible institution under section*  
21 *312(b);*

22 *“(B) at the time of application, has an en-*  
23 *rollment of undergraduate full-time equivalent*  
24 *students that is at least 25 percent Hispanic stu-*  
25 *dents; and*

1           “(C) provides assurances that not less than  
2           50 percent of its Hispanic students are low-in-  
3           come individuals.

4           “(2) *LOW-INCOME INDIVIDUAL.*—The term ‘low-  
5           income individual’ means an individual from a fam-  
6           ily whose taxable income for the preceding year did  
7           not exceed 150 percent of an amount equal to the pov-  
8           erty level determined by using criteria of poverty es-  
9           tablished by the Bureau of the Census.

10 **“SEC. 586. AUTHORIZATION OF APPROPRIATIONS.**

11           “*There are authorized to be appropriated to carry out*  
12 *this part \$45,000,000 for fiscal year 1999 and such sums*  
13 *as may be necessary for each of the 4 succeeding fiscal years.*

14           **“PART H—THURGOOD MARSHALL LEGAL**  
15           **EDUCATIONAL OPPORTUNITY PROGRAM**

16 **“SEC. 588. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.**

17           “(a) *PROGRAM AUTHORITY.*—The Secretary shall  
18 *carry out a program to be known as the ‘Thurgood Marshall*  
19 *Legal Educational Opportunity Program’ designed to pro-*  
20 *vide low-income, minority, or disadvantaged college stu-*  
21 *dents with the information, preparation, and financial as-*  
22 *sistance to gain access to and complete law school study.*

23           “(b) *ELIGIBILITY.*—A college student is eligible for as-  
24 *sistance under this section if the student is—*

25           “(1) *from a low-income family;*

1           “(2) a minority; or

2           “(3) from an economically or otherwise dis-  
3           advantaged background.

4           “(c) *CONTRACT OR GRANT AUTHORIZED.*—The Sec-  
5           retary is authorized to enter into a contract with, or make  
6           a grant to, the Council on Legal Education Opportunity,  
7           for a period of not less than 5 years—

8           “(1) to identify college students who are from  
9           low-income families, are minorities, or are from dis-  
10          advantaged backgrounds described in subsection  
11          (b)(3);

12          “(2) to prepare such students for study at ac-  
13          credited law schools;

14          “(3) to assist such students to select the appro-  
15          priate law school, make application for entry into  
16          law school, and receive financial assistance for such  
17          study;

18          “(4) to provide support services to such students  
19          who are first-year law students to improve retention  
20          and success in law school studies; and

21          “(5) to motivate and prepare such students with  
22          respect to law school studies and practice in low-in-  
23          come communities.

24          “(d) *SERVICES PROVIDED.*—In carrying out the pur-  
25          poses described in subsection (c), the contract or grant shall

1 *provide for the delivery of services through prelaw informa-*  
2 *tion resource centers, summer institutes, midyear seminars,*  
3 *and other educational activities, conducted under this sec-*  
4 *tion. Such services may include—*

5 *“(1) information and counseling regarding—*

6 *“(A) accredited law school academic pro-*  
7 *grams, especially tuition, fees, and admission re-*  
8 *quirements;*

9 *“(B) course work offered and required for*  
10 *graduation;*

11 *“(C) faculty specialties and areas of legal*  
12 *emphasis; and*

13 *“(D) undergraduate preparatory courses*  
14 *and curriculum selection;*

15 *“(2) tutoring and academic counseling, includ-*  
16 *ing assistance in preparing for bar examinations;*

17 *“(3) prelaw mentoring programs, involving law*  
18 *school faculty, members of State and local bar asso-*  
19 *ciations, and retired and sitting judges, justices, and*  
20 *magistrates;*

21 *“(4) assistance in identifying preparatory*  
22 *courses and material for the law school aptitude or*  
23 *admissions tests;*

24 *“(5) summer institutes for Thurgood Marshall*  
25 *Fellows that expose the Fellows to a rigorous curricu-*

1 *lum that emphasizes abstract thinking, legal analysis,*  
2 *research, writing, and examination techniques; and*

3 *“(6) midyear seminars and other educational ac-*  
4 *tivities that are designed to reinforce reading, writ-*  
5 *ing, and studying skills of Thurgood Marshall Fel-*  
6 *lows.*

7 *“(e) DURATION OF THE PROVISION OF SERVICES.—*  
8 *The services described in subsection (d) may be provided—*

9 *“(1) prior to the period of law school study;*

10 *“(2) during the period of law school study; and*

11 *“(3) during the period following law school study*  
12 *and prior to taking a bar examination.*

13 *“(f) SUBCONTRACTS AND SUBGRANTS.—For the pur-*  
14 *poses of planning, developing, or delivering one or more of*  
15 *the services described in subsection (d), the Council on Legal*  
16 *Education Opportunity shall enter into subcontracts with,*  
17 *and make subgrants to, institutions of higher education,*  
18 *law schools, public and private agencies and organizations,*  
19 *and combinations of such institutions, schools, agencies,*  
20 *and organizations.*

21 *“(g) STIPENDS.—The Secretary shall annually estab-*  
22 *lish the maximum stipend to be paid (including allowances*  
23 *for participant travel and for the travel of the dependents*  
24 *of the participant) to Thurgood Marshall Fellows for the*  
25 *period of participation in summer institutes and midyear*

1 seminars. A Fellow may be eligible for such a stipend only  
2 if the Fellow maintains satisfactory academic progress to-  
3 ward the Juris Doctor or Bachelor of Laws degree, as deter-  
4 mined by the respective institutions.

5 “(h) *AUTHORIZATION OF APPROPRIATIONS.*—There  
6 are authorized to be appropriated to carry out this section  
7 \$5,000,000 for fiscal year 1999 and each of the 4 succeeding  
8 fiscal years.

9 **“PART I—GENERAL PROVISIONS**

10 **“SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A, B,**  
11 **AND C.**

12 “(a) *COORDINATED ADMINISTRATION.*—In carrying  
13 out the purpose described in section 500(1), the Secretary  
14 shall provide for coordinated administration and regulation  
15 of graduate programs assisted under parts A, B, and C with  
16 other Federal programs providing assistance for graduate  
17 education in order to minimize duplication and improve  
18 efficiency to ensure that the programs are carried out in  
19 a manner most compatible with academic practices and  
20 with the standard timetables for applications for, and noti-  
21 fications of acceptance to, graduate programs.

22 “(b) *HIRING AUTHORITY.*—For purposes of carrying  
23 out parts A, B, and C, the Secretary shall appoint, without  
24 regard to the provisions of title 5, United States Code, that  
25 govern appointments in the competitive service, such ad-

1 *ministrative and technical employees, with the appropriate*  
2 *educational background, as shall be needed to assist in the*  
3 *administration of such parts. The employees shall be paid*  
4 *without regard to the provisions of chapter 51 and sub-*  
5 *chapter III of chapter 53 of such title relating to classifica-*  
6 *tion and General Schedule pay rates.*

7       “(c) *USE FOR RELIGIOUS PURPOSES PROHIBITED.—*  
8 *No institutional payment or allowance under section 503(b)*  
9 *or 516 shall be paid to a school or department of divinity*  
10 *as a result of the award of a fellowship under part A or*  
11 *B, respectively, to an individual who is studying for a reli-*  
12 *gious vocation.*

13       “(d) *EVALUATION.—The Secretary shall evaluate the*  
14 *success of assistance provided to individuals under part A,*  
15 *B, or C with respect to graduating from their degree pro-*  
16 *grams, and placement in faculty and professional positions.*

17       “(e) *CONTINUATION AWARDS.—The Secretary, using*  
18 *funds appropriated to carry out parts A and B, and before*  
19 *awarding any assistance under such parts to a recipient*  
20 *that did not receive assistance under part C or D of title*  
21 *IX (as such parts were in effect prior to the date of enact-*  
22 *ment of the Higher Education Amendments of 1998) shall*  
23 *continue to provide funding to recipients of assistance*  
24 *under such part C or D (as so in effect), as the case may*  
25 *be, pursuant to any multiyear award of such assistance.”.*

1           **TITLE VI—INTERNATIONAL**  
2           **EDUCATION PROGRAMS**

3   **SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUD-**  
4           **IES.**

5           *Part A of title VI (20 U.S.C. 1121 et seq.) is amended*  
6   *to read as follows:*

7           **“PART A—INTERNATIONAL AND FOREIGN**  
8           **LANGUAGE STUDIES**

9   **“SEC. 601. FINDINGS AND PURPOSES.**

10          “(a) *FINDINGS.—The Congress finds that—*

11                 “(1) *the well-being of the United States, its econ-*  
12                 *omy and long-range security, is dependent on the edu-*  
13                 *cation and training of Americans in international*  
14                 *and foreign language studies and on a strong research*  
15                 *base in these areas;*

16                 “(2) *knowledge of other countries and the ability*  
17                 *to communicate in other languages is essential to the*  
18                 *promotion of mutual understanding and cooperation*  
19                 *among nations; and*

20                 “(3) *systematic efforts are necessary to enhance*  
21                 *the capacity of institutions of higher education in the*  
22                 *United States for—*

23                         “(A) *producing graduates with inter-*  
24                         *national and foreign language expertise and*  
25                         *knowledge; and*

1           “(B) research regarding such expertise and  
2           knowledge.

3           “(b) PURPOSES.—It is the purpose of this part—

4           “(1) to assist in the development of knowledge,  
5           international study, resources and trained personnel;

6           “(2) to stimulate the attainment of foreign lan-  
7           guage acquisition and fluency;

8           “(3) to develop a pool of international experts to  
9           meet national needs; and

10           “(4) to coordinate the programs of the Federal  
11           Government in the areas of foreign language, area  
12           and other international studies, including profes-  
13           sional international affairs education, and research.

14   **“SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE**  
15           **AND AREA CENTERS AND PROGRAMS.**

16           “(a) NATIONAL LANGUAGE AND AREA CENTERS AND  
17   PROGRAMS AUTHORIZED.—

18           “(1) CENTERS AND PROGRAMS.—

19           “(A) IN GENERAL.—The Secretary is au-  
20           thorized—

21           “(i) to make grants to institutions of  
22           higher education, or combinations thereof,  
23           for the purpose of establishing, strengthen-  
24           ing, and operating comprehensive language  
25           and area centers and programs; and

1           “(i) to make grants to such institu-  
2           tions or combinations for the purpose of es-  
3           tablishing, strengthening, and operating a  
4           diverse network of undergraduate language  
5           and area centers and programs.

6           “(B) NATIONAL RESOURCES.—The centers  
7           and programs referred to in paragraph (1) shall  
8           be national resources for—

9           “(i) teaching of any modern foreign  
10          language;

11          “(ii) instruction in fields needed to  
12          provide full understanding of areas, regions,  
13          or countries in which such language is com-  
14          monly used;

15          “(iii) research and training in inter-  
16          national studies, and the international and  
17          foreign language aspects of professional and  
18          other fields of study; and

19          “(iv) instruction and research on  
20          issues in world affairs which concern one or  
21          more countries.

22          “(2) AUTHORIZED ACTIVITIES.—Any such grant  
23          may be used to pay all or part of the cost of establish-  
24          ing or operating a center or program, including the  
25          cost of—

1           “(A) *faculty, staff, and student travel in*  
2           *foreign areas, regions, or countries;*

3           “(B) *teaching and research materials;*

4           “(C) *curriculum planning and development;*

5           “(D) *bringing visiting scholars and faculty*  
6           *to the center to teach or to conduct research;*

7           “(E) *establishing and maintaining linkages*  
8           *with overseas institutions of higher education*  
9           *and other organizations that may contribute to*  
10          *the teaching and research of the center or pro-*  
11          *gram; and*

12          “(F) *training and improvement of the staff,*  
13          *for the purpose of, and subject to such conditions*  
14          *as the Secretary finds necessary for, carrying out*  
15          *this section.*

16          “(3) *GRANTS TO MAINTAIN LIBRARY COLLEC-*  
17          *TIONS.—The Secretary may make grants to centers*  
18          *described in paragraph (1) having important library*  
19          *collections, as determined by the Secretary, for the*  
20          *maintenance of such collections.*

21          “(4) *OUTREACH GRANTS AND SUMMER INSTI-*  
22          *TUTES.—The Secretary may make additional grants*  
23          *to centers described in paragraph (1) for any one or*  
24          *more of the following purposes:*

1           “(A) *Programs of linkage or outreach be-*  
2           *tween foreign language, area studies, and other*  
3           *international fields and professional schools and*  
4           *colleges.*

5           “(B) *Programs of linkage or outreach with*  
6           *2-year and 4-year colleges and universities.*

7           “(C) *Programs of linkage or outreach with*  
8           *departments or agencies of Federal and State*  
9           *Governments.*

10          “(D) *Programs of linkage or outreach with*  
11          *the news media, business, professional, or trade*  
12          *associations.*

13          “(E) *Summer institutes in foreign area,*  
14          *foreign language, and other international fields*  
15          *designed to carry out the programs of linkage*  
16          *and outreach in subparagraphs (A), (B), (C),*  
17          *and (D).*

18          “(b) *STIPENDS FOR FOREIGN LANGUAGE AND AREA*  
19          *STUDIES.—*

20                 “(1) *IN GENERAL.—The Secretary is authorized*  
21                 *to make grants to institutions of higher education or*  
22                 *combinations of such institutions for the purpose of*  
23                 *paying stipends to individuals undergoing advanced*  
24                 *training in any center or program approved by the*  
25                 *Secretary.*

1           “(2) *REQUIREMENTS.*—*Students receiving sti-*  
2           *pends described in paragraph (1) shall be individuals*  
3           *who are engaged in an instructional program with*  
4           *stated performance goals for functional foreign lan-*  
5           *guage use or in a program developing such perform-*  
6           *ance goals, in combination with area studies, inter-*  
7           *national studies, or the international aspects of a pro-*  
8           *fessional studies program.*

9           “(3) *ALLOWANCES.*—*Stipends awarded to grad-*  
10          *uate level recipients may include allowances for de-*  
11          *pendents and for travel for research and study in the*  
12          *United States and abroad.*

13          “(c) *SPECIAL RULE WITH RESPECT TO TRAVEL.*—*No*  
14          *funds may be expended under this part for undergraduate*  
15          *travel except in accordance with rules prescribed by the Sec-*  
16          *retary setting forth policies and procedures to assure that*  
17          *Federal funds made available for such travel are expended*  
18          *as part of a formal program of supervised study.*

19          “**SEC. 603. LANGUAGE RESOURCE CENTERS.**

20          “(a) *LANGUAGE RESOURCE CENTERS AUTHORIZED.*—  
21          *The Secretary is authorized to make grants to and enter*  
22          *into contracts with institutions of higher education, or com-*  
23          *binations of such institutions, for the purpose of establish-*  
24          *ing, strengthening, and operating a small number of na-*  
25          *tional language resource and training centers, which shall*

1 *serve as resources to improve the capacity to teach and*  
2 *learn foreign languages effectively.*

3       “(b) *AUTHORIZED ACTIVITIES.*—*The activities carried*  
4 *out by the centers described in subsection (a)—*

5               “(1) *shall include effective dissemination efforts,*  
6 *whenever appropriate; and*

7               “(2) *may include—*

8                       “(A) *the conduct and dissemination of re-*  
9 *search on new and improved teaching methods,*  
10 *including the use of advanced educational tech-*  
11 *nology;*

12                       “(B) *the development and dissemination of*  
13 *new teaching materials reflecting the use of such*  
14 *research in effective teaching strategies;*

15                       “(C) *the development, application, and dis-*  
16 *semination of performance testing appropriate to*  
17 *an educational setting for use as a standard and*  
18 *comparable measurement of skill levels in all*  
19 *languages;*

20                       “(D) *the training of teachers in the admin-*  
21 *istration and interpretation of performance tests,*  
22 *the use of effective teaching strategies, and the*  
23 *use of new technologies;*

24                       “(E) *the publication and dissemination to*  
25 *individuals and organizations in the foreign lan-*



1        *tween nonprofit educational institutions and institu-*  
2        *tions of higher education, to assist such institutions,*  
3        *combinations or partnerships in planning, develop-*  
4        *ing, and carrying out programs to improve under-*  
5        *graduate instruction in international studies and for-*  
6        *oreign languages. Such grants shall be awarded to insti-*  
7        *tutions, combinations or partnerships seeking to cre-*  
8        *ate new programs or to strengthen existing programs*  
9        *in area studies, foreign languages, and other inter-*  
10       *national fields.*

11            *“(2) FEDERAL SHARE AND USE OF FUNDS.—*  
12        *Grants made under this section may be used to pay*  
13        *not more than 50 percent of the cost of projects and*  
14        *activities which are an integral part of such a pro-*  
15        *gram, such as—*

16            *“(A) planning for the development and ex-*  
17        *pansion of undergraduate programs in inter-*  
18        *national studies and foreign languages;*

19            *“(B) teaching, research, curriculum develop-*  
20        *ment, faculty training in the United States or*  
21        *abroad, and other related activities, including*  
22        *the expansion of library and teaching resources;*

23            *“(C) expansion of opportunities for learning*  
24        *foreign languages, including less commonly*  
25        *taught languages;*

1           “(D) programs under which foreign teachers  
2           and scholars may visit institutions as visiting  
3           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 and  
7           post-baccalaureate programs or institutions;

8           “(F) the development of undergraduate  
9           study abroad programs in locations abroad in  
10          which such study opportunities are not otherwise  
11          available and the integration of these programs  
12          into specific on-campus degree programs;

13          “(G) the development of model programs to  
14          enhance the effectiveness of study abroad, includ-  
15          ing predeparture and post return programs;

16          “(H) the development of programs designed  
17          to integrate professional and technical education  
18          with area studies, foreign languages, and other  
19          international fields;

20          “(I) the conduct of summer institutes in for-  
21          eign area, foreign language, and other inter-  
22          national fields for purposes that are consistent  
23          with the projects and activities described in this  
24          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 and  
10          noninstitutional funds, including State, private sec-  
11          tor, 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 to  
16          have successfully completed at least 2 years of second-  
17          ary school foreign language instruction or that re-  
18          quire each graduating student to earn 2 years of post-  
19          secondary credit in a foreign language (or have dem-  
20          onstrated equivalent competence in the foreign lan-  
21          guage) or, in the case of a 2-year degree granting in-  
22          stitution, offer 2 years of postsecondary credit in a  
23          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 this*  
2        *subsection.*

3                *“(6) APPLICATION.—Each application for assist-*  
4        *ance 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 in*  
11       *ongoing collaboration with regard to achieving*  
12       *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 pro-*  
16       *gram 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 sup-*  
20       *plement and not supplant funds expended by the*  
21       *institution, prior to the receipt of the Federal as-*  
22       *sistance, for programs to improve undergraduate*  
23       *instruction in international studies and foreign*  
24       *languages.*

1           “(7) *EVALUATION.*—*The Secretary may establish*  
2           *requirements for program evaluations and require*  
3           *grant recipients to submit annual reports that evalu-*  
4           *ate the progress and performance of students partici-*  
5           *ating in programs assisted under this subsection.*

6           “(b) *PROGRAMS OF NATIONAL SIGNIFICANCE.*—*The*  
7           *Secretary may also award grants to public and private*  
8           *nonprofit agencies and organizations, including profes-*  
9           *sional and scholarly associations, whenever the Secretary*  
10           *determines such grants will make an especially significant*  
11           *contribution to improving undergraduate international*  
12           *studies and foreign language programs.*

13           **“SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.**

14           “(a) *AUTHORIZED ACTIVITIES.*—*The Secretary may,*  
15           *directly or through grants or contracts, conduct research*  
16           *and studies that contribute to achieving the purposes of this*  
17           *part. Such research and studies may include—*

18                   “(1) *studies and surveys to determine needs for*  
19                   *increased or improved instruction in foreign lan-*  
20                   *guage, area studies, or other international fields, in-*  
21                   *cluding the demand for foreign language, area, and*  
22                   *other international specialists in government, edu-*  
23                   *cation, and the private sector;*

24                   “(2) *studies and surveys to assess the utilization*  
25                   *of graduates of programs supported under this title by*

1       *governmental, educational, and private sector organi-*  
2       *zations and other studies assessing the outcomes and*  
3       *effectiveness of programs so supported;*

4             “(3) *evaluation of the extent to which programs*  
5       *assisted under this title that address national needs*  
6       *would not otherwise be offered;*

7             “(4) *comparative studies of the effectiveness of*  
8       *strategies to provide international capabilities at in-*  
9       *stitutions of higher education;*

10            “(5) *research on more effective methods of pro-*  
11       *viding instruction and achieving competency in for-*  
12       *eign languages;*

13            “(6) *the development and publication of special-*  
14       *ized materials for use in foreign language, area stud-*  
15       *ies, and other international fields, or for training for-*  
16       *eign language, area, and other international special-*  
17       *ists;*

18            “(7) *studies and evaluations of effective practices*  
19       *in the dissemination of international information,*  
20       *materials, research, teaching strategies, and testing*  
21       *techniques throughout the education community, in-*  
22       *cluding elementary and secondary schools; and*

23            “(8) *the application of performance tests and*  
24       *standards across all areas of foreign language instruc-*  
25       *tion and classroom use.*

1       “(b) *ANNUAL REPORT.*—*The Secretary shall prepare,*  
2 *publish, and announce an annual report listing the books*  
3 *and research materials produced with assistance under this*  
4 *section.*

5       **“SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.**

6       “(a) *COMPETITIVE GRANTS.*—*The Secretary shall*  
7 *award grants under section 602 competitively on the basis*  
8 *of criteria that separately, but not less rigorously, evaluates*  
9 *the applications for comprehensive and undergraduate lan-*  
10 *guage and area centers and programs.*

11       “(b) *SELECTION CRITERIA.*—*The Secretary shall set*  
12 *criteria for grants awarded under section 602 by which a*  
13 *determination of excellence shall be made to meet the differ-*  
14 *ing objectives of graduate and undergraduate institutions.*

15       “(c) *EQUITABLE DISTRIBUTION OF GRANTS.*—*The*  
16 *Secretary shall, to the extent practicable, award grants*  
17 *under this part (other than section 602) in such manner*  
18 *as to achieve an equitable distribution of the grant funds*  
19 *throughout the United States, based on the merit of a pro-*  
20 *posal as determined pursuant to a peer review process in-*  
21 *volving broadly representative professionals.*

22       **“SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.**

23       “(a) *SELECTION CRITERIA.*—*The Secretary shall make*  
24 *excellence the criterion for selection of grants awarded*  
25 *under section 602.*

1           “(b) *EQUITABLE DISTRIBUTION.*—*To the extent prac-*  
2 *ticable and consistent with the criterion of excellence, the*  
3 *Secretary shall award grants under this part (other than*  
4 *section 602) in such a manner as will achieve an equitable*  
5 *distribution of funds throughout the United States.*

6           “(c) *SUPPORT FOR UNDERGRADUATE EDUCATION.*—  
7 *The Secretary shall also award grants under this part in*  
8 *such manner as to ensure that an appropriate portion of*  
9 *the funds appropriated for this part (as determined by the*  
10 *Secretary) are used to support undergraduate education.*

11   **“SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.**

12           “(a) *CENTERS AUTHORIZED.*—*The Secretary is au-*  
13 *thorized to make grants to and enter into contracts with*  
14 *any American overseas research center that is a consortium*  
15 *of institutions of higher education (hereafter in this section*  
16 *referred to as a “center”)* *to enable such center to promote*  
17 *postgraduate research, exchanges and area studies.*

18           “(b) *USE OF GRANTS.*—*Grants made and contracts*  
19 *entered into pursuant to this section may be used to pay*  
20 *all or a portion of the cost of establishing or operating a*  
21 *center or program, including—*

22                   “(1) *the cost of faculty and staff stipends and*  
23                   *salaries;*

24                   “(2) *the cost of faculty, staff, and student travel;*

1           “(3) *the cost of the operation and maintenance*  
2 *of overseas facilities;*

3           “(4) *the cost of teaching and research materials;*

4           “(5) *the cost of acquisition, maintenance, and*  
5 *preservation of library collections;*

6           “(6) *the cost of bringing visiting scholars and*  
7 *faculty to a center to teach or to conduct research;*

8           “(7) *the cost of organizing and managing con-*  
9 *ferences; and*

10           “(8) *the cost of publication and dissemination of*  
11 *material for the scholarly and general public.*

12           “(c) *LIMITATION.—The Secretary shall only award*  
13 *grants to and enter into contracts with centers under this*  
14 *section that—*

15           “(1) *receive more than 50 percent of their fund-*  
16 *ing from public or private United States sources;*

17           “(2) *have a permanent presence in the country*  
18 *in which the center is located; and*

19           “(3) *are organizations described in section*  
20 *501(c)(3) of the Internal Revenue Code of 1986 which*  
21 *are exempt from taxation under section 501(a) of*  
22 *such Code.*

23           “(d) *DEVELOPMENT GRANTS.—The Secretary is au-*  
24 *thorized to make grants for the establishment of new centers.*  
25 *The grants may be used to fund activities that, within 1*

1 year, will result in the creation of a center described in  
2 subsection (c).

3 **“SEC. 609. AUTHORIZATION OF APPROPRIATIONS.**

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

8 **SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PRO-**  
9 **GRAMS.**

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

12 (1) in section 612 (20 U.S.C. 1130–1)—

13 (A) in subsection (c)—

14 (i) in paragraph (1)—

15 (I) in subparagraph (B), by strik-  
16 ing “advanced”; and

17 (II) in subparagraph (C), by  
18 striking “evening or summer”; and

19 (ii) in paragraph (2)(C), by inserting  
20 “foreign language,” after “studies,”; and

21 (B) in subsection (d)(2)(G), by inserting “,  
22 such as a representative of a community college  
23 in the region served by the center” before the pe-  
24 riod; and

25 (2) in section 614 (20 U.S.C. 1130b)—

1           (A) in subsection (a), by striking “1993”  
2           and inserting “1999”; and  
3           (B) in subsection (b), by striking “1993”  
4           and inserting “1999”.

5 **SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.**

6       *Part C of title VI (20 U.S.C. 1131 et seq.) is amend-*  
7 *ed—*

8           (1) in section 621(e) (20 U.S.C. 1131(e))—

9               (A) by striking “one-fourth” and inserting  
10              “one-half”; and

11              (B) by adding at the end the following:  
12              *“The non-Federal contribution shall be made*  
13              *from private sector sources.”;*

14           (2) by redesignating sections 622 through 627  
15           (20 U.S.C. 1131a and 1131f) as sections 623 through  
16           628, respectively; and

17           (3) by inserting after section 621 (20 U.S.C.  
18           1131) the following:

19 **“SEC. 622. INSTITUTIONAL DEVELOPMENT.**

20       *“(a) IN GENERAL.—The Institute shall award grants,*  
21 *from amounts available to the Institute for each fiscal year,*  
22 *to historically Black colleges and universities, Hispanic-*  
23 *serving institutions, Tribally Controlled Colleges or Univer-*  
24 *sities, and minority institutions, to enable such colleges,*

1 *universities, and institutions to strengthen international af-*  
2 *fairs programs.*

3       “(b) *APPLICATION.*—*No grant may be made by the In-*  
4 *stitute unless an application is made by the college, univer-*  
5 *sity, or institution at such time, in such manner, and ac-*  
6 *companied by such information as the Institute may re-*  
7 *quire.*

8       “(c) *DEFINITIONS.*—*In this section—*

9               “(1) *the term ‘historically Black college and uni-*  
10 *versity’ has the meaning given the term in section*  
11 *322;*

12               “(2) *the term ‘Hispanic-serving institution’ has*  
13 *the meaning given the term in section 585;*

14               “(3) *the term ‘Tribally Controlled College or*  
15 *University’ has the meaning given the term in section*  
16 *2 of the Tribally Controlled College or University As-*  
17 *sistance Act of 1978 (25 U.S.C. 1801); and*

18               “(4) *the term ‘minority institution’ has the*  
19 *meaning given the term in section 365.”;*

20               (4) *in section 623 (as redesignated by paragraph*  
21 *(2))—*

22                       (A) *in the section heading, by striking*

23                       “**JUNIOR YEAR**” *and inserting “**STUDY**”;*

24                       (B) *in subsection (b)(2)—*

1           (i) by inserting “, or completing the  
2           third year of study in the case of a summer  
3           abroad program,” after “study”; and

4           (ii) by striking “junior year” and in-  
5           serting “study”;

6           (C) in subsection (c)—

7           (i) in the matter preceding paragraph  
8           (1), by striking “junior year” and inserting  
9           “study”;

10          (ii) in paragraph (1), by striking  
11          “junior year” and inserting “study”; and

12          (iii) in paragraph (2)—

13               (I) by striking “one-half” and in-  
14               serting “one-third”; and

15               (II) by striking “junior year” and  
16               inserting “study”;

17          (5) in section 627 (as redesignated by paragraph  
18          (2)) (20 U.S.C. 1131e), by striking “625” and insert-  
19          ing “626”; and

20          (6) in section 628 (as redesignated by paragraph  
21          (2)) (20 U.S.C. 1131f), by striking “1993” and insert-  
22          ing “1999”.

23 **SEC. 604. GENERAL PROVISIONS.**

24          Section 632 (20 U.S.C. 1132–1) is repealed.

1 **TITLE VII—RELATED PROGRAMS**  
2 **AND AMENDMENTS TO OTHER**  
3 **ACTS**

4 **PART A—INDIAN EDUCATION PROGRAMS**

5 **SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE**  
6 **ASSISTANCE ACT OF 1978.**

7 *(a) REAUTHORIZATION.—*

8 *(1) AMOUNT OF GRANTS.—Section 108(a)(2) of*  
9 *the Tribally Controlled Community College Assistance*  
10 *Act of 1978 (25 U.S.C. 1808(a)(2)) is amended by*  
11 *striking “\$5,820” and inserting “\$6,000”.*

12 *(2) AUTHORIZATION OF APPROPRIATIONS.—*

13 *(A) TITLE I.—Section 110(a) of the Trib-*  
14 *ally Controlled Community College Assistance*  
15 *Act of 1978 (25 U.S.C. 1810(a)) is amended—*

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

18 *(ii) in paragraph (2), by striking*  
19 *“\$30,000,000 for fiscal year 1993” and in-*  
20 *serting “\$40,000,000 for fiscal year 1999”;*

21 *(iii) in paragraph (3), by striking*  
22 *“1993” and inserting “1999”; and*

23 *(iv) in paragraph (4), by striking*  
24 *“1993” and inserting “1999”.*

1           (B) *TITLE III.—Section 306(a) of the Trib-*  
2           *ally Controlled Community College Assistance*  
3           *Act of 1978 (25 U.S.C. 1836(a)) is amended by*  
4           *striking “1993” and inserting “1999”.*

5           (C) *TITLE IV.—Section 403 of the Tribal*  
6           *Economic Development and Technology Related*  
7           *Education Assistance Act of 1990 (25 U.S.C.*  
8           *1852) is amended by striking “1993” and insert-*  
9           *ing “1999”.*

10          (b) *NAME CHANGE.—The Tribally Controlled Commu-*  
11          *nity College Assistance Act of 1978 (25 U.S.C. 1801 et seq.)*  
12          *is amended—*

13               (1) *by striking “community college” each place*  
14               *the term appears and inserting “college or univer-*  
15               *sity”;*

16               (2) *by striking “Community College” each place*  
17               *the term appears (other than when such term is pre-*  
18               *ceded by the term “Navajo”) and inserting “College or*  
19               *University”;*

20               (3) *by striking “community colleges” each place*  
21               *the term appears and inserting “colleges or univer-*  
22               *sities”;*

23               (4) *by striking “such college” each place the term*  
24               *appears and inserting “such college or university”;*  
25               *and*

1           (5) by striking “community college’s” and insert-  
2           ing “college or university’s”.

3   **SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE**  
4                   **HAWAIIAN CULTURE AND ART DEVELOP-**  
5                   **MENT.**

6           Section 1531 of the American Indian, Alaska Native,  
7   and Native Hawaiian Culture and Art Development Act  
8   (20 U.S.C. 4451) is amended to read as follows:

9   **“SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.**

10           *“There is authorized to be appropriated to carry out*  
11   *part A \$5,000,000 for fiscal year 1999.”*

12   **SEC. 713. NAVAJO COMMUNITY COLLEGE ACT.**

13           Section 5(a)(1) of the Navajo Community College Act  
14   (25 U.S.C. 640c-1(a)(1)) is amended by striking “1993”  
15   and inserting “1999”.

16           **PART B—ADVANCED PLACEMENT INCENTIVE**  
17                   **PROGRAM**

18   **SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.**

19           (a) *PROGRAM ESTABLISHED.*—The Secretary of Edu-  
20   cation is authorized to make grants to States having appli-  
21   cations approved under subsection (d), from allotments  
22   under subsection (b), to enable the States to reimburse low-  
23   income individuals to cover part or all of the cost of ad-  
24   vanced placement test fees, if the low-income individuals—

1           (1) *are enrolled in an advanced placement class;*  
2       *and*

3           (2) *plan to take an advanced placement test.*

4       (b) *ALLOTMENT.—From the sum appropriated under*  
5 *subsection (j) for a fiscal year, the Secretary shall allot to*  
6 *each State an amount that bears the same relation to the*  
7 *sum as the number of low-income individuals in the State*  
8 *bears to the number of low-income individuals in all States.*

9       (c) *INFORMATION DISSEMINATION.—The State edu-*  
10 *cational agency may use not more than 5 percent of grant*  
11 *funds received for a fiscal year to disseminate information*  
12 *regarding the availability of test fee payments under this*  
13 *section to eligible individuals through secondary school*  
14 *teachers and guidance counselors.*

15       (d) *REQUIREMENTS FOR APPROVAL OF APPLICA-*  
16 *TIONS.—In approving applications for grants the Secretary*  
17 *of Education shall—*

18           (1) *require that each such application contain a*  
19 *description of the advance placement test fees the*  
20 *State will pay on behalf of individual students;*

21           (2) *require an assurance that any funds received*  
22 *under this section, other than funds used in accord-*  
23 *ance with subsection (c), shall be used only to pay ad-*  
24 *vanced placement test fees; and*

1           (3) contain such information as the Secretary  
2           may require to demonstrate that the State will ensure  
3           that a student is eligible for payments under this sec-  
4           tion, including the documentation required by chapter  
5           1 of subpart 2 of part A of title IV of the Higher  
6           Education Act of 1965 (20 U.S.C. 1070a–11 et seq.).

7           (e) *FUNDING RULE.*—Funds provided under this sec-  
8           tion shall be used to supplement and not supplant other  
9           Federal, State, local or private funds available to assist low-  
10          income individuals in paying for advanced placement test-  
11          ing, except that such funds may be used to supplant the  
12          funds so available if the funds used to supplant are used  
13          to increase the participation of low-income individuals in  
14          advanced placement courses through teacher training and  
15          other activities directly related to increasing the availabil-  
16          ity of advanced placement courses.

17          (f) *SPECIAL RULE.*—The Secretary of Education shall  
18          only award grants under this section for a fiscal year if  
19          the amount the College Board spends for the College Board’s  
20          fee assistance program for low-income students for the fiscal  
21          year is not less than the amount the College Board spent  
22          for such program for the preceding fiscal year.

23          (g) *REGULATIONS.*—The Secretary of Education shall  
24          prescribe such regulations as are necessary to carry out this  
25          section.



1           (A) in subsection (f), by inserting “personal  
2           service and other” after “may enter into”; and

3           (B) in subsection (o), by inserting after  
4           “Services” the following: “and use all sources of  
5           supply and services of the General Services Ad-  
6           ministration”;

7           (2) in section 1710(a)(1) (22 U.S.C.  
8           4609(a)(1))—

9           (A) by striking “1993” and inserting  
10          “1999”; and

11          (B) by striking “6” and inserting “4”; and

12          (3) in the second and third sentences of section  
13          1712 (22 U.S.C. 4611), by striking “shall” each place  
14          the term appears and inserting “may”.

15                   **PART D—COMMUNITY SCHOLARSHIP**

16                                   **MOBILIZATION**

17   **SEC. 741. SHORT TITLE.**

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

20   **SEC. 742. FINDINGS.**

21           Congress finds that—

22           (1) the local community, when properly orga-  
23           nized and challenged, is one of the best sources of aca-  
24           demic support, motivation toward achievement, and

1 *financial resources for aspiring postsecondary stu-*  
2 *dents;*

3 (2) *local communities, working to complement or*  
4 *augment services currently offered by area schools and*  
5 *colleges, can raise the educational expectations and*  
6 *increase the rate of postsecondary attendance of their*  
7 *youth by forming locally-based organizations that*  
8 *provide both academic support (including guidance,*  
9 *counseling, mentoring, tutoring, encouragement, and*  
10 *recognition) and tangible, locally raised, effectively*  
11 *targeted, publicly recognized, financial assistance;*

12 (3) *proven methods of stimulating these commu-*  
13 *nity efforts can be promoted through Federal support*  
14 *for the establishment of regional, State or community*  
15 *program centers to organize and challenge community*  
16 *efforts to develop educational incentives and support*  
17 *for local students; and*

18 (4) *using Federal funds to leverage private con-*  
19 *tributions to help students from low-income families*  
20 *attain educational and career goals is an efficient*  
21 *and effective investment of scarce taxpayer-provided*  
22 *resources.*

23 **SEC. 743. DEFINITIONS.**

24 *In this part:*

1           (1) *REGIONAL, STATE OR COMMUNITY PROGRAM*  
2           *CENTER.*—*The term “regional, State or community*  
3           *program center” means an organization that—*

4                   (A) *is a division or member of, responsible*  
5                   *to, and overseen by, a national organization;*  
6                   *and*

7                   (B) *is staffed by professionals trained to*  
8                   *create, develop, and sustain local entities in*  
9                   *towns, cities, and neighborhoods.*

10          (2) *LOCAL ENTITY.*—*The term “local entity”*  
11          *means an organization that—*

12                   (A) *is a nonprofit organization that is de-*  
13                   *scribed in section 501(c)(3) of the Internal Reve-*  
14                   *nuce Code of 1986, and exempt from taxation*  
15                   *under section 501(a) of such Code (or shall meet*  
16                   *this criteria through affiliation with the national*  
17                   *organization);*

18                   (B) *is formed for the purpose of providing*  
19                   *educational scholarships and academic support*  
20                   *for residents of the local community served by*  
21                   *such organization;*

22                   (C) *solicits broad-based community support*  
23                   *in its academic support and fund-raising activi-*  
24                   *ties;*

1           (D) is broadly representative of the local  
2 community in the structures of its volunteer-op-  
3 erated organization and has a board of directors  
4 that includes leaders from local neighborhood or-  
5 ganizations and neighborhood residents, such as  
6 school or college personnel, parents, students,  
7 community agency representatives, retirees, and  
8 representatives of the business community;

9           (E) awards scholarships without regard to  
10 age, sex, marital status, race, creed, color, reli-  
11 gion, national origin or disability; and

12           (F) gives priority to awarding scholarships  
13 for postsecondary education to deserving students  
14 from low-income families in the local commu-  
15 nity.

16           (3) NATIONAL ORGANIZATION.—The term “na-  
17 tional organization” means an organization that—

18           (A) has the capacity to create, develop and  
19 sustain local entities and affiliated regional,  
20 State or community program centers;

21           (B) has the capacity to sustain newly cre-  
22 ated local entities in towns, cities, and neighbor-  
23 hoods through ongoing training support pro-  
24 grams;

1           (C) is described in section 501(c)(3) of the  
2           Internal Revenue Code of 1986, and exempt from  
3           taxation under section 501(a) of such Code;

4           (D) is a publicly supported organization  
5           within the meaning of section 170(b)(1)(A)(iv) of  
6           such Code;

7           (E) ensures that each of the organization's  
8           local entities meet the criteria described in sub-  
9           paragraphs (C) and (D); and

10          (F) has a program for or experience in co-  
11          operating with secondary and postsecondary in-  
12          stitutions in carrying out the organization's  
13          scholarship and academic support activities.

14          (4) *HIGH POVERTY AREA.*—The term “high pov-  
15          erty area” means a community with a higher per-  
16          centage of children from low-income families than the  
17          national average of such percentage and a lower per-  
18          centage of children pursuing postsecondary education  
19          than the national average of such percentage.

20          (5) *STUDENTS FROM LOW-INCOME FAMILIES.*—  
21          The term “students from low-income families” means  
22          students determined, pursuant to part F of title IV of  
23          the Higher Education Act of 1965 (20 U.S.C. 1087kk  
24          et seq.), to be eligible for a Federal Pell Grant under

1        *subpart 1 of part A of title IV of such Act (20 U.S.C.*  
2        *1070a).*

3        **SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.**

4        *(a) PURPOSE.—It is the purpose of this part to estab-*  
5        *lish and support regional, State or community program*  
6        *centers to enable such centers to foster the development of*  
7        *local entities in high poverty areas that promote higher edu-*  
8        *cation goals for students from low-income families by—*

9                *(1) providing academic support, including guid-*  
10              *ance, counseling, mentoring, tutoring, and recogni-*  
11              *tion; and*

12              *(2) providing scholarship assistance for the cost*  
13              *of postsecondary education.*

14        *(b) ENDOWMENT GRANT AUTHORITY.—From the funds*  
15        *appropriated pursuant to the authority of section 746, the*  
16        *Secretary shall award an endowment grant, on a competi-*  
17        *tive basis, to a national organization to enable such organi-*  
18        *zation to support the establishment or ongoing work of re-*  
19        *gional, State or community program centers that foster the*  
20        *development of local entities in high poverty areas to im-*  
21        *prove high school graduation rates and postsecondary at-*  
22        *tendance through the provision of academic support services*  
23        *and scholarship assistance for the cost of postsecondary edu-*  
24        *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 a 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 a 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 a 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 a 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—WEB-BASED EDUCATION COMMISSION***

9 ***SEC. 753. SHORT TITLE; DEFINITIONS.***

10 (a) *IN GENERAL.—This part may be cited as the*  
11 *“Web-Based Education Commission Act”.*

12 (b) *DEFINITIONS.—In this part:*

13 (1) *COMMISSION.—The term “Commission”*  
14 *means the Web-Based Education Commission estab-*  
15 *lished under section 754.*

16 (2) *INFORMATION TECHNOLOGY.—The term “in-*  
17 *formation technology” has the meaning given that*  
18 *term in section 5002 of the Information Technology*  
19 *Management Reform Act of 1996 (110 Stat. 679).*

20 (3) *STATE.—The term “State” means each of the*  
21 *several States of the United States and the District of*  
22 *Columbia.*

1 **SEC. 754. ESTABLISHMENT OF WEB-BASED EDUCATION**  
2 **COMMISSION.**

3 (a) *ESTABLISHMENT.*—*There is established a commis-*  
4 *sion to be known as the Web-Based Education Commission.*

5 (b) *MEMBERSHIP.*—

6 (1) *COMPOSITION.*—*The Commission shall be*  
7 *composed of 14 members, of which—*

8 (A) *3 members shall be appointed by the*  
9 *President, from among individuals representing*  
10 *the Internet technology industry;*

11 (B) *3 members shall be appointed by the*  
12 *Secretary, from among individuals with exper-*  
13 *tise in accreditation, establishing statewide cur-*  
14 *ricula, and establishing information technology*  
15 *networks pertaining to education curricula;*

16 (C) *2 members shall be appointed by the*  
17 *Majority Leader of the Senate;*

18 (D) *2 members shall be appointed by the*  
19 *Minority Leader of the Senate;*

20 (E) *2 members shall be appointed by the*  
21 *Speaker of the House of Representatives; and*

22 (F) *2 members shall be appointed by the*  
23 *Minority Leader of the House of Representatives.*

24 (2) *DATE.*—*The appointments of the members of*  
25 *the Commission shall be made not later than 45 days*  
26 *after the date of enactment of this Act.*

1       (c) *PERIOD OF APPOINTMENT; VACANCIES.*—Members  
2 shall be appointed for the life of the Commission. Any va-  
3 cancy in the Commission shall not affect its powers, but  
4 shall be filled in the same manner as the original appoint-  
5 ment.

6       (d) *INITIAL MEETING.*—No later than 30 days after  
7 the date on which all members of the Commission have been  
8 appointed, the Commission shall hold its first meeting.

9       (e) *MEETINGS.*—The Commission shall meet at the call  
10 of the Chairperson.

11       (f) *QUORUM.*—A majority of the members of the Com-  
12 mission shall constitute a quorum, but a lesser number of  
13 members may hold hearings.

14       (g) *CHAIRPERSON AND VICE CHAIRPERSON.*—The  
15 Commission shall select a chairperson and vice chairperson  
16 from among its members.

17 **SEC. 755. DUTIES OF THE COMMISSION.**

18       (a) *STUDY.*—

19               (1) *IN GENERAL.*—The Commission shall conduct  
20 a thorough study to assess the educational software  
21 available in retail markets for secondary and post-  
22 secondary students who choose to use such software.

23               (2) *PUBLIC HEARINGS.*—As part of the study  
24 conducted under this subsection, the Commission shall  
25 hold public hearings in each region of the United

1       *States concerning the assessment referred to in para-*  
2       *graph (1).*

3               (3) *EXISTING INFORMATION.*—*To the extent*  
4       *practicable, in carrying out the study under this sub-*  
5       *section, the Commission shall identify and use exist-*  
6       *ing information related to the assessment referred to*  
7       *in paragraph (1).*

8               (b) *REPORT.*—*Not later than 6 months after the first*  
9       *meeting of the Commission, the Commission shall submit*  
10       *a report to the President and Congress that shall contain*  
11       *a detailed statement of the findings and conclusions of the*  
12       *Commission resulting from the study, together with its rec-*  
13       *ommendations—*

14               (1) *for such legislation and administrative ac-*  
15       *tions as the Commission considers to be appropriate;*  
16       *and*

17               (2) *regarding the appropriate Federal role in de-*  
18       *termining quality educational software products.*

19               (c) *FACILITATION OF EXCHANGE OF INFORMATION.*—  
20       *In carrying out the study under subsection (a), the Commis-*  
21       *sion shall, to the extent practicable, facilitate the exchange*  
22       *of information concerning the issues that are the subject of*  
23       *the study among—*

1           (1) *officials of the Federal Government, and*  
2           *State governments and political subdivisions of*  
3           *States; and*

4           (2) *educators from Federal, State, and local in-*  
5           *stitutions of higher education and secondary schools.*

6 **SEC. 756. POWERS OF THE COMMISSION.**

7           (a) *HEARINGS.*—*The Commission may hold such hear-*  
8           *ings, sit and act at such times and places, take such testi-*  
9           *mony, and receive such evidence as the Commission consid-*  
10          *ers advisable to carry out the purposes of this part.*

11          (b) *INFORMATION FROM FEDERAL AGENCIES.*—*The*  
12          *Commission may secure directly from any Federal depart-*  
13          *ment or agency such information as the Commission con-*  
14          *siders necessary to carry out the provisions of this part.*  
15          *Upon request of the Chairperson of the Commission, the*  
16          *head of such department or agency shall furnish such infor-*  
17          *mation to the Commission.*

18          (c) *POSTAL SERVICES.*—*The Commission may use the*  
19          *United States mails in the same manner and under the*  
20          *same conditions as other departments and agencies of the*  
21          *Federal Government.*

22          (d) *GIFTS.*—*The Commission may accept, use, and*  
23          *dispose of gifts or donations of services or property.*

1 **SEC. 757. COMMISSION PERSONNEL MATTERS.**

2       (a) *COMPENSATION OF MEMBERS.*—*Except as pro-*  
3 *vided in subsection (b), each member of the Commission who*  
4 *is not an officer or employee of the Federal Government*  
5 *shall serve without compensation. All members of the Com-*  
6 *mission who are officers or employees of the United States*  
7 *shall serve without compensation in addition to that re-*  
8 *ceived for their services as officers or employees of the*  
9 *United States.*

10       (b) *TRAVEL EXPENSES.*—*The members of the Commis-*  
11 *sion shall be allowed travel expenses, including per diem*  
12 *in lieu of subsistence, at rates authorized for employees of*  
13 *agencies under subchapter I of chapter 57 of title 5, United*  
14 *States Code, while away from their homes or regular places*  
15 *of business in the performance of services for the Commis-*  
16 *sion.*

17       (c) *STAFF.*—

18           (1) *IN GENERAL.*—*The Chairperson of the Com-*  
19 *mission may, without regard to the civil service laws*  
20 *and regulations, appoint and terminate an executive*  
21 *director and such other additional personnel as may*  
22 *be necessary to enable the Commission to perform its*  
23 *duties. The employment of an executive director shall*  
24 *be subject to confirmation by the Commission.*

25           (2) *COMPENSATION.*—*The Chairperson of the*  
26 *Commission may fix the compensation of the execu-*

1        *tive director and other personnel without regard to*  
2        *the provisions of chapter 51 and subchapter III of*  
3        *chapter 53 of title 5, United States Code, relating to*  
4        *classification of positions and General Schedule pay*  
5        *rates, except that the rate of pay for the executive di-*  
6        *rector and other personnel may not exceed the rate*  
7        *payable for level V of the Executive Schedule under*  
8        *section 5316 of such title.*

9        *(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Fed-*  
10       *eral Government employee may be detailed to the Commis-*  
11       *sion without reimbursement, and such detail shall be with-*  
12       *out interruption or loss of civil service status or privilege.*

13       *(e) PROCUREMENT OF TEMPORARY AND INTERMIT-*  
14       *TENT SERVICES.—The Chairperson of the Commission may*  
15       *procure temporary and intermittent services under section*  
16       *3109(b) of title 5, United States Code, at rates for individ-*  
17       *uals that do not exceed the daily equivalent of the annual*  
18       *rate of basic pay prescribed for level V of the Executive*  
19       *Schedule under section 5316 of such title.*

20       **SEC. 758. TERMINATION OF THE COMMISSION.**

21       *The Commission shall terminate on the date that is*  
22       *90 days after the date on which the Commission submits*  
23       *its report under section 755(b).*

1 **SEC. 759. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) *IN GENERAL.*—*There are authorized to be appro-*  
 3 *priated \$650,000 for fiscal year 1999 to the Commission*  
 4 *to carry out this part.*

5 (b) *AVAILABILITY.*—*Any sums appropriated under the*  
 6 *authorization contained in this section shall remain avail-*  
 7 *able, without fiscal year limitation, until expended.*

8 **PART G—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                               **STITUTE 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 H—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 I—MISCELLANEOUS**

15           **SEC. 791. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT**  
 16                                   **OF EDUCATION.**

17           *In order to ensure that the processing, delivery, and*  
 18           *administration of grant, loan, and work assistance pro-*  
 19           *vided under title IV of the Higher Education Act of 1965*  
 20           *is not interrupted due to operational problems related to*  
 21           *the inability of computer systems to indicate accurately*  
 22           *dates after December 31, 1999, the Secretary shall—*

23           (1) *take such actions as are necessary to ensure*  
 24           *that all internal and external systems, hardware and*  
 25           *data exchange infrastructure administered by the De-*

1        *partment of Education that are necessary for the*  
2        *processing, delivery, and administration of the grant,*  
3        *loan, and work assistance are year 2000 compliant,*  
4        *such that there will be no business interruption after*  
5        *December 31, 1999;*

6            *(2) ensure that the Robert T. Stafford Federal*  
7        *Student Loan Program and the William D. Ford*  
8        *Federal Direct Loan Program are equal in level of*  
9        *priority with respect to addressing, and that resources*  
10       *are managed to provide for successful resolution of,*  
11       *the year 2000 computer problem in both programs by*  
12       *December 31, 1999;*

13           *(3) work with institutions of higher education,*  
14       *guaranty agencies, third party servicers, and other*  
15       *persons to ensure successful data exchanges necessary*  
16       *for the processing, delivery, and administration of the*  
17       *grant, loan, and work assistance;*

18           *(4) ensure that the Inspector General of the De-*  
19       *partment of Education (or an external, independent*  
20       *entity selected by the Inspector General) performs and*  
21       *publishes a risk assessment of the systems and hard-*  
22       *ware under the Department's management, that has*  
23       *been reviewed by an independent entity, and make*  
24       *such assessment publicly available not later than 60*



1           (1) *IN GENERAL.*—*The Attorney General is au-*  
2 *thorized to make grants to institutions of higher edu-*  
3 *cation, for use by consortia consisting of campus per-*  
4 *sonnel, student organizations, campus administrators,*  
5 *security personnel, and regional crisis centers affili-*  
6 *ated with the institution, to develop and strengthen*  
7 *effective security and investigation strategies to com-*  
8 *bat violent crimes against women on campuses, and*  
9 *to develop and strengthen victim services in cases in-*  
10 *volving violent crimes against women on campuses,*  
11 *which may include partnerships with local criminal*  
12 *justice authorities and community-based victim serv-*  
13 *ices agencies.*

14           (2) *AWARD BASIS.*—*The Attorney General shall*  
15 *award grants and contracts under this section on a*  
16 *competitive basis.*

17           (3) *EQUITABLE PARTICIPATION.*—*The Attorney*  
18 *General shall make every effort to ensure—*

19                   (A) *the equitable participation of private*  
20 *and public institutions of higher education in*  
21 *the activities assisted under this section; and*

22                   (B) *the equitable geographic distribution of*  
23 *grants under this section among the various re-*  
24 *gions of the United States.*

1       **(b) USE OF GRANT FUNDS.**—*Grants funds awarded*  
2 *under this section may be used for the following purposes:*

3           (1) *To provide personnel, training, technical as-*  
4 *sistance, data collection, and other equipment with re-*  
5 *spect to the increased apprehension, investigation,*  
6 *and adjudication of persons committing violent*  
7 *crimes against women on campus.*

8           (2) *To train campus administrators and campus*  
9 *security personnel to more effectively identify and re-*  
10 *spond to violent crimes against women on campus,*  
11 *including the crimes of sexual assault, stalking, and*  
12 *domestic violence.*

13           (3) *To develop, train, or expand campus security*  
14 *personnel and campus administrators with respect to*  
15 *specifically targeting violent crimes against women*  
16 *on campus, including the crimes of sexual assault,*  
17 *stalking, and domestic violence.*

18           (4) *To develop and implement more effective*  
19 *campus policies, protocols, orders, and services spe-*  
20 *cifically devoted to prevent, identify, and respond to*  
21 *violent crimes against women on campus, including*  
22 *the crimes of sexual assault, stalking, and domestic*  
23 *violence.*

24           (5) *To develop, install, or expand data collection*  
25 *and communication systems, including computerized*

1 *systems, linking campus security to the local law en-*  
2 *forcement for the purpose of identifying and tracking*  
3 *arrests, protection orders, violations of protection or-*  
4 *ders, prosecutions, and convictions with respect to*  
5 *violent crimes against women on campus, including*  
6 *the crimes of sexual assault, stalking, and domestic*  
7 *violence.*

8 (6) *To develop, enlarge, or strengthen victim*  
9 *services programs for the campus and to improve de-*  
10 *livery of victim services on campus.*

11 (7) *To provide capital improvements on campus*  
12 *to address violent crimes against women on campus,*  
13 *including the crimes of sexual assault, stalking, and*  
14 *domestic violence.*

15 (8) *To support improved coordination among*  
16 *campus administrators, campus security personnel,*  
17 *and local law enforcement to reduce violent crimes*  
18 *against women on campus.*

19 (c) *APPLICATIONS.—*

20 (1) *IN GENERAL.—In order to be eligible to be*  
21 *awarded a grant under this section for any fiscal*  
22 *year, an institution of higher education shall submit*  
23 *an application to the Attorney General at such time*  
24 *and in such manner as the Attorney General shall*  
25 *prescribe.*

1           (2) *CONTENTS.*—*Each application submitted*  
2 *under paragraph (1) shall—*

3           (A) *describe the need for grant funds and*  
4 *the plan for implementation for any of the pur-*  
5 *poses described in subsection (b);*

6           (B) *describe how the campus authorities*  
7 *shall consult and coordinate with nonprofit, non-*  
8 *governmental victim services programs, includ-*  
9 *ing sexual assault and domestic violence victim*  
10 *services programs;*

11           (C) *describe the characteristics of the popu-*  
12 *lation being served, including type of campus,*  
13 *demographics of the population, and number of*  
14 *students;*

15           (D) *provide measurable goals and expected*  
16 *results from the use of the grants funds;*

17           (E) *provide assurances that the Federal*  
18 *funds made available under this section shall be*  
19 *used to supplement and, to the extent practical,*  
20 *increase the level of funds that would, in the ab-*  
21 *sence of Federal funds, be made available by the*  
22 *institution for the purposes described in sub-*  
23 *section (b); and*

1                   (F) include such other information and as-  
2                   surances as the Attorney General reasonably de-  
3                   termines to be necessary.

4           (d) *GRANTEE REPORTING.*—Each institution of higher  
5 education receiving a grant under this section, upon com-  
6 pletion of the grant period under this section, shall file a  
7 performance report with the Attorney General explaining  
8 the activities carried out under the grant, together with an  
9 assessment of the effectiveness of the activities in achieving  
10 the purposes described in subsection (b).

11           (e) *DEFINITIONS.*—In this section—

12                   (1) the term “domestic violence” includes acts or  
13 threats of violence, not including acts of self defense,  
14 committed by a current or former spouse of the vic-  
15 tim, by a person with whom the victim shares a child  
16 in common, by a person who is cohabitating with or  
17 has cohabitated with the victim, by a person similarly  
18 situated to a spouse of the victim under the domestic  
19 or family violence laws of the jurisdiction, or by any  
20 other person against a victim who is protected from  
21 that person’s acts under the domestic or family vio-  
22 lence laws of the jurisdiction;

23                   (2) the term “sexual assault” means any conduct  
24 proscribed by chapter 109A of title 18, United States  
25 Code, whether or not the conduct occurs in the special

1 *maritime and territorial jurisdiction of the United*  
2 *States or in a Federal prison, including both assaults*  
3 *committed by offenders who are strangers to the vic-*  
4 *tim and assaults committed by offenders who are*  
5 *known or related by blood or marriage to the victim;*  
6 *and*

7 *(3) the term “victim services” means a non-*  
8 *profit, nongovernmental organization that assists do-*  
9 *mestic violence or sexual assault victims, including*  
10 *campus women’s centers, rape crisis centers, battered*  
11 *women’s shelters, and other sexual assault or domestic*  
12 *violence programs, including campus counseling sup-*  
13 *port and victim advocate organizations with domestic*  
14 *violence, stalking, and sexual assault programs,*  
15 *whether or not organized and staffed by students.*

16 *(f) GENERAL TERMS AND CONDITIONS.—*

17 *(1) NONMONETARY ASSISTANCE.—In addition to*  
18 *the assistance provided under this section, the Attor-*  
19 *ney General may request any Federal agency to use*  
20 *the agency’s authorities and the resources granted to*  
21 *the agency under Federal law (including personnel,*  
22 *equipment, supplies, facilities, and managerial, tech-*  
23 *nical, and advisory services) in support of campus se-*  
24 *curity, and investigation and victim service efforts.*

1           (2) *REPORTING.*—Not later than 180 days after  
2           the end of the fiscal year for which grants are award-  
3           ed under this section, the Attorney General shall sub-  
4           mit to the committees of the House of Representatives  
5           and the Senate responsible for issues relating to high-  
6           er education and crime, a report that includes—

7                   (A) the number of grants, and the amount  
8                   of funds, distributed under this section;

9                   (B) a summary of the purposes for which  
10                  the grants were provided and an evaluation of  
11                  the progress made under the grant;

12                  (C) a statistical summary of the persons  
13                  served, detailing the nature of victimization, and  
14                  providing data on age, sex, race, ethnicity, lan-  
15                  guage, disability, relationship to offender, geo-  
16                  graphic distribution, and type of campus; and

17                  (D) an evaluation of the effectiveness of pro-  
18                  grams funded under this section.

19           (3) *REGULATIONS OR GUIDELINES.*—Not later  
20           than 120 days after the date of enactment of this sec-  
21           tion, the Secretary shall publish proposed regulations  
22           or guidelines implementing this section. Not later  
23           than 180 days after the date of enactment of this sec-  
24           tion, the Attorney General shall publish final regula-  
25           tions or guidelines implementing this section.

1           (g) *AUTHORIZATION OF APPROPRIATIONS.*—*For the*  
2 *purpose of carrying out this section, there are authorized*  
3 *to be appropriated \$10,000,000 for each of the fiscal years*  
4 *1999 through 2002.*

5 **SEC. 793. AUTHORITY TO ADMINISTER SUMMER TRAVEL**  
6 **AND WORK PROGRAMS.**

7           *The Director of the United States Information Agency*  
8 *is authorized to administer summer travel and work pro-*  
9 *grams without regard to preplacement requirements.*

10 **SEC. 794. IMPROVING UNITED STATES UNDERSTANDING OF**  
11 **SCIENCE, ENGINEERING, AND TECHNOLOGY**  
12 **IN EAST ASIA.**

13           (a) *ESTABLISHMENT.*—*The Director of the National*  
14 *Science Foundation is authorized, beginning in fiscal year*  
15 *2000, to carry out an interdisciplinary program of edu-*  
16 *cation and research on East Asian science, engineering, and*  
17 *technology. The Director shall carry out the interdiscipli-*  
18 *nary program in consultation with the Secretary of Edu-*  
19 *cation.*

20           (b) *PURPOSES.*—*The purposes of the program estab-*  
21 *lished under this section shall be to—*

22                   (1) *increase understanding of East Asian re-*  
23 *search, and innovation for the creative application of*  
24 *science and technology to the problems of society;*

1           (2) *provide scientists, engineers, technology man-*  
2           *agers, and students with training in East Asian lan-*  
3           *guages, and with an understanding of research, tech-*  
4           *nology, and management of innovation, in East*  
5           *Asian countries;*

6           (3) *provide program participants with opportu-*  
7           *nities to be directly involved in scientific and engi-*  
8           *neering research, and activities related to the manage-*  
9           *ment of scientific and technological innovation, in*  
10          *East Asia; and*

11          (4) *create mechanisms for cooperation and part-*  
12          *nerships among United States industry, universities,*  
13          *colleges, not-for-profit institutions, Federal labora-*  
14          *tories (within the meaning of section 4(6) of the Ste-*  
15          *venson-Wydler Technology Innovation Act of 1980 (15*  
16          *U.S.C. 3703(6))), and government, to disseminate the*  
17          *results of the program assisted under this section for*  
18          *the benefit of United States research and innovation.*

19          (c) *PARTICIPATION BY FEDERAL SCIENTISTS, ENGI-*  
20          *NEERS, AND MANAGERS.*—*Scientists, engineers, and man-*  
21          *agers of science and engineering programs in Federal agen-*  
22          *cies and the Federal laboratories shall be eligible to partici-*  
23          *pate in the program assisted under this section on a reim-*  
24          *bursable basis.*

1       (d) *REQUIREMENT FOR MERIT REVIEW.*—Awards  
2 made under the program established under this section shall  
3 only be made using a competitive, merit-based review proc-  
4 ess.

5       (e) *AUTHORIZATION OF APPROPRIATIONS.*—There is  
6 authorized to be appropriated to carry out this section  
7 \$10,000,000 for fiscal year 2000.

8 **SEC. 795. UNDERGROUND RAILROAD EDUCATIONAL AND**  
9 **CULTURAL PROGRAM.**

10       (a) *PROGRAM ESTABLISHED.*—The Secretary of Edu-  
11 cation, in consultation and cooperation with the Secretary  
12 of the Interior, is authorized to make grants to 1 or more  
13 nonprofit educational organizations that are established to  
14 research, display, interpret, and collect artifacts relating to  
15 the history of the Underground Railroad.

16       (b) *GRANT AGREEMENT.*—Each nonprofit educational  
17 organization awarded a grant under this section shall enter  
18 into an agreement with the Secretary of Education. Each  
19 such agreement shall require the organization—

20               (1) to establish a facility to house, display, and  
21 interpret the artifacts related to the history of the Un-  
22 derground Railroad, and to make the interpretive ef-  
23 forts available to institutions of higher education that  
24 award a baccalaureate or graduate degree;

1           (2) to demonstrate substantial private support  
2 for the facility through the implementation of a pub-  
3 lic-private partnership between a State or local public  
4 entity and a private entity for the support of the fa-  
5 cility, which private entity shall provide matching  
6 funds for the support of the facility in an amount  
7 equal to 4 times the amount of the contribution of the  
8 State or local public entity, except that not more than  
9 20 percent of the matching funds may be provided by  
10 the Federal Government;

11           (3) to create an endowment to fund any and all  
12 shortfalls in the costs of the on-going operations of the  
13 facility;

14           (4) to establish a network of satellite centers  
15 throughout the United States to help disseminate in-  
16 formation regarding the Underground Railroad  
17 throughout the United States, if such satellite centers  
18 raise 80 percent of the funds required to establish the  
19 satellite centers from non-Federal public and private  
20 sources;

21           (5) to establish the capability to electronically  
22 link the facility with other local and regional facili-  
23 ties that have collections and programs which inter-  
24 pret the history of the Underground Railroad; and

1           (6) to submit, for each fiscal year for which the  
2           organization receives funding under this section, a re-  
3           port to the Secretary of Education that contains—

4                   (A) a description of the programs and ac-  
5                   tivities supported by the funding;

6                   (B) the audited financial statement of the  
7                   organization for the preceding fiscal year;

8                   (C) a plan for the programs and activities  
9                   to be supported by the funding as the Secretary  
10                  may require; and

11                  (D) an evaluation of the programs and ac-  
12                  tivities supported by the funding as the Sec-  
13                  retary may require.

14           (c) *AUTHORIZATION OF APPROPRIATIONS.*—There are  
15           authorized to be appropriated to carry out this section  
16           \$6,000,000 for fiscal year 1999, \$6,000,000 for fiscal year  
17           2000, \$6,000,000 for fiscal year 2001, \$3,000,000 for fiscal  
18           year 2002, and \$3,000,000 for fiscal year 2003.

19           **SEC. 796. GNMA GUARANTEE FEE.**

20           (a) *IN GENERAL.*—Section 306(g)(3)(A) of the Na-  
21           tional Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended  
22           by striking “No fee or charge” and all that follows through  
23           “States)” and inserting “The Association shall assess and  
24           collect a fee in an amount equal to 9 basis points”.

1       (b) *EFFECTIVE DATE.*—*The amendment made by this*  
2 *section shall take effect on October 1, 2002.*

3 **SEC. 797. PROTECTION OF STUDENT SPEECH AND ASSOCIA-**  
4 **TION RIGHTS.**

5       (a) *PROTECTION OF RIGHTS.*—*It is the sense of Con-*  
6 *gress that no student attending an institution of higher edu-*  
7 *cation on a full- or part-time basis should, on the basis*  
8 *of participation in protected speech or protected associa-*  
9 *tion, be excluded from participation in, be denied the bene-*  
10 *fits of, or be subjected to discrimination or official sanction*  
11 *under any education program, activity, or division of the*  
12 *institution directly or indirectly receiving financial assist-*  
13 *ance under the Higher Education Act of 1965, whether or*  
14 *not such program, activity, or division is sponsored or offi-*  
15 *cially sanctioned by the institution.*

16       (b) *CONSTRUCTION.*—*Nothing in this section shall be*  
17 *construed—*

18           (1) *to discourage the imposition of an official*  
19 *sanction on a student that has willfully participated*  
20 *in the disruption or attempted disruption of a lecture,*  
21 *class, speech, presentation, or performance made or*  
22 *scheduled to be made under the auspices of the insti-*  
23 *tution of higher education; or*

24           (2) *to prevent an institution of higher education*  
25 *from taking appropriate and effective action to pre-*

1        *vent violations of State liquor laws, to discourage*  
2        *binge drinking and other alcohol abuse, to protect stu-*  
3        *dents from sexual harassment including assault and*  
4        *date rape, or to regulate unsanitary or unsafe condi-*  
5        *tions in any student residence.*

6        (c) *DEFINITIONS.—For the purposes of this section:*

7            (1) *OFFICIAL SANCTION.—The term “official*  
8        *sanction”—*

9            (A) *means expulsion, suspension, probation,*  
10        *censure, condemnation, reprimand, or any other*  
11        *disciplinary, coercive, or adverse action taken by*  
12        *an institution of higher education or adminis-*  
13        *trative unit of the institution; and*

14            (B) *includes an oral or written warning*  
15        *made by an official of an institution of higher*  
16        *education acting in the official capacity of the*  
17        *official.*

18            (2) *PROTECTED ASSOCIATION.—The term “pro-*  
19        *TECTED ASSOCIATION” means the joining, assembling,*  
20        *and residing with others that is protected under the*  
21        *first and 14th amendments to the Constitution, or*  
22        *would be protected if the institution of higher edu-*  
23        *cation involved were subject to those amendments.*

24            (3) *PROTECTED SPEECH.—The term “protected*  
25        *speech” means speech that is protected under the first*

1        *and 14th amendments to the Constitution, or would*  
2        *be protected if the institution of higher education in-*  
3        *volved were subject to those amendments.*

4        **SEC. 798. BINGE DRINKING ON COLLEGE CAMPUSES.**

5        (a) *SHORT TITLE.*—*This section may be cited as the*  
6        *“Collegiate Initiative To Reduce Binge Drinking”.*

7        (b) *FINDINGS.*—*Congress makes the following findings:*

8                (1) *Many college president rank alcohol abuse as*  
9                *the number one problem on campus.*

10               (2) *Alcohol is a factor in the 3 leading causes of*  
11               *death (accidents, homicides, and suicides) for individ-*  
12               *uals aged 15 through 24.*

13               (3) *More than any other group, college students*  
14               *tend to consume large numbers of drinks in rapid*  
15               *succession with the intention of becoming drunk.*

16               (4) *84 percent of college students report drinking*  
17               *alcohol during the school year, with 44 percent of all*  
18               *college students qualifying as binge drinkers and 19*  
19               *percent of all college students qualifying as frequent*  
20               *binge drinkers.*

21               (5) *Alcohol is involved in a large percentage of*  
22               *all campus rapes, violent crimes, student suicides,*  
23               *and fraternity hazing accidents.*

24               (6) *Heavy alcohol consumption on college cam-*  
25               *puses can result in drunk driving crashes, hos-*

1        *pitalization for alcohol overdoses, trouble with police,*  
2        *injury, missed classes, and academic failure.*

3                *(7) The secondhand effects of student alcohol con-*  
4        *sumption range from assault, property damage, and*  
5        *unwanted sexual advances, to interruptions in study*  
6        *or sleep, or having to “babysit” another student who*  
7        *drank too much.*

8                *(8) Campus binge drinking can also lead to the*  
9        *death of our Nation’s young and promising students.*

10        *(c) SENSE OF CONGRESS.—It is the sense of Congress*  
11        *that, in an effort to change the culture of alcohol consump-*  
12        *tion on college campuses, all institutions of higher edu-*  
13        *cation should carry out the following:*

14                *(1) The president of the institution should ap-*  
15        *point a task force consisting of school administrators,*  
16        *faculty, students, Greek system representatives, and*  
17        *others to conduct a full examination of student and*  
18        *academic life at the institution. The task force should*  
19        *make recommendations for a broad range of policy*  
20        *and program changes that would serve to reduce alco-*  
21        *hol and other drug-related problems. The institution*  
22        *should provide resources to assist the task force in*  
23        *promoting the campus policies and proposed environ-*  
24        *mental changes that have been identified.*

1           (2) *The institution should provide maximum op-*  
2           *portunities for students to live in an alcohol-free envi-*  
3           *ronment and to engage in stimulating, alcohol-free*  
4           *recreational and leisure activities.*

5           (3) *The institution should enforce a “zero toler-*  
6           *ance” policy on the illegal consumption of alcohol by*  
7           *students at the institution.*

8           (4) *The institution should vigorously enforce the*  
9           *institution’s code of disciplinary sanctions for those*  
10          *who violate campus alcohol policies. Students with al-*  
11          *cohol or other drug-related problems should be referred*  
12          *for appropriate assistance.*

13          (5) *The institution should adopt a policy of*  
14          *eliminating alcoholic beverage-related sponsorship of*  
15          *on-campus activities. The institution should adopt*  
16          *policies limiting the advertisement and production of*  
17          *alcoholic beverages on campus.*

18          (6) *The institution should work with the local*  
19          *community, including local businesses, in a “Town/*  
20          *Gown” alliance to encourage responsible policies to-*  
21          *ward alcohol consumption and to address illegal alco-*  
22          *hol use by students.*

1 **SEC. 799. SENSE OF THE SENATE REGARDING HIGHER EDU-**  
2 **CATION.**

3 (a) *FINDINGS.—The Senate makes the following find-*  
4 *ings:*

5 (1) *Higher education must be kept affordable for*  
6 *all families as the number of students attending insti-*  
7 *tutions of higher education in the 1995–1996 aca-*  
8 *ademic year reached 19,400,000 students at all levels.*

9 (2) *According to the College Board’s Annual*  
10 *Survey of Colleges, 1997–1998 undergraduate students*  
11 *at United States colleges will pay on average, ap-*  
12 *proximately 5 percent more for the 1997–1998 aca-*  
13 *ademic year in tuition and fees at 4-year institutions*  
14 *of higher education than the students paid for the*  
15 *1996–1997 academic year, and from 2 to 4 percent*  
16 *more for the 1997–1998 academic year in tuition and*  
17 *fees at 2-year institutions of higher education than*  
18 *the students paid for the 1996–1997 academic year.*

19 (3) *From academic years 1980–1981 to academic*  
20 *years 1994–1995, tuition at 4-year public colleges*  
21 *and universities increased 234 percent, while median*  
22 *household income rose only 82 percent, and as a re-*  
23 *sult, families now spend nearly twice as much of their*  
24 *income on college tuition as families did in 1980.*

1           (4) *A college education has become less affordable*  
2 *as undergraduate public school tuition has increased*  
3 *substantially in the years preceding 1998.*

4           (5) *In the 1997–1998 school year, average under-*  
5 *graduate tuition and fees—*

6                 (A) *for public 4-year institutions of higher*  
7 *education were \$3,111, representing a 97 percent*  
8 *increase from the 1988–1989 school year; and*

9                 (B) *for private 4-year institutions of higher*  
10 *education were \$13,664, representing an increase*  
11 *of 71 percent from the 1988–1989 school year.*

12          (6) *In the 1996–1997 academic year—*

13                 (A) *over \$580,000,000 in Federal Supple-*  
14 *mental Educational Opportunity Grants were*  
15 *disbursed to more than 990,000 students;*

16                 (B) *\$760,000,000 in Federal funds sup-*  
17 *ported more than 700,000 students in the Fed-*  
18 *eral Work-Study Program; and*

19                 (C) *more than 700,000 students borrowed*  
20 *approximately \$940,000,000 in Federal Perkins*  
21 *Loans.*

22          (7) *In the 1996–1997 academic year, Federal*  
23 *loan programs provided over \$30,000,000,000 in fi-*  
24 *nancial aid to students.*

1           (8) *Student financial aid in the form of loans is*  
2 *disproportionate to the amount of financial aid re-*  
3 *ceived through grants. In 1980, approximately 40*  
4 *percent of Federal student financial aid was distrib-*  
5 *uted through loans. In the 1996–1997 academic year,*  
6 *60 percent of Federal, State, and institutional student*  
7 *financial aid was distributed through loans.*

8           (9) *As the proportion of Federal grants continues*  
9 *to decline, students and families will have to consider*  
10 *alternative ways to finance a college education.*

11           (10) *In the 1970s, Federal Pell Grants financed*  
12  *$\frac{3}{4}$  of the costs at a public 4-year institution of higher*  
13 *education and  $\frac{1}{3}$  of the costs at a private 4-year in-*  
14 *stitution of higher education. In contrast, in the*  
15 *1996–1997 academic year, Federal Pell Grants fi-*  
16 *nanced  $\frac{1}{3}$  of the costs at a 4-year public institution*  
17 *of higher education and  $\frac{1}{7}$  of the costs at a private*  
18 *4-year institution of higher education.*

19           (11) *While student dependence on Federal loans*  
20 *programs has increased, the default rate on those*  
21 *loans has decreased. According to the Department of*  
22 *Education, in fiscal year 1990, the national default*  
23 *rate on federally insured student loans was 22.4 per-*  
24 *cent. In fiscal year 1994, the national default rate de-*  
25 *clined to 10.4 percent.*

1           (12) *The National Commission on the Cost of*  
2           *Higher Education* concluded in the report of the Na-  
3           *tional Commission* that Federal student aid grants  
4           *have not contributed to increases in tuition while the*  
5           *evidence is inconclusive regarding the impact of Fed-*  
6           *eral student loans on increases in tuition.*

7           (b) *SENSE OF THE SENATE.*—*It is the sense of the Sen-*  
8           *ate that—*

9           (1) *the cost of tuition at institutions of higher*  
10           *education continues to increase at a rate above the*  
11           *Consumer Price Index, affecting the nearly*  
12           *20,000,000 students at all levels, resulting in an in-*  
13           *crease in the number of students seeking Federal loans*  
14           *and Federal grants;*

15           (2) *efforts should be made to address the dis-*  
16           *proportionate share of Federal student aid in the*  
17           *form of Federal student loans compared to Federal*  
18           *student grants available for students at institutions of*  
19           *higher education; and*

20           (3) *Federal incentives provided to public and*  
21           *private institutions of higher education may be an ef-*  
22           *fective way to limit tuition growth.*

23           **SEC. 799A. SENSE OF CONGRESS REGARDING TEACHER**  
24           **EDUCATION.**

25           (a) *FINDINGS.*—*Congress finds that—*

1           (1) *the education of teachers is a university-wide*  
2           *responsibility requiring the integration of subject*  
3           *matter and teacher education course work across fac-*  
4           *ulties with multiple site-based clinical learning expe-*  
5           *riences;*

6           (2) *teachers well prepared in both subject matter*  
7           *and good professional practice are essential to raising*  
8           *the achievement levels of our Nation's students, espe-*  
9           *cially in mathematics and the sciences;*

10          (3) *teacher educators, substantive experts, and*  
11          *kindergarten through grade 12 teachers need to inter-*  
12          *act with one another through shared experiences that*  
13          *incorporate school-site-based knowledge into the teach-*  
14          *er preparation curriculum;*

15          (4) *partnerships between practitioners and aca-*  
16          *demics working together in all phases of teacher edu-*  
17          *cation improve the quality of such education and cre-*  
18          *ate incentives for teachers to pursue excellence in their*  
19          *teaching;*

20          (5) *individuals may be more likely to choose*  
21          *teaching as a career if more flexible teacher prepara-*  
22          *tion programs, tailored to the needs and experiences*  
23          *of the individuals, with multiple entry points and*  
24          *pathways into the teaching profession, are made*  
25          *available;*

1           (6) *strong leadership skills of school principals*  
2           *are essential to improving the quality of teaching and*  
3           *academic achievement of all students;*

4           (7) *collaboration among teacher educators, other*  
5           *university faculty, elementary and secondary schools,*  
6           *and community colleges facilitate, strengthen, and*  
7           *renew all the individuals and entities participating*  
8           *in the collaboration.*

9           (b) *SENSE OF CONGRESS.—It is the sense of Congress*  
10          *that—*

11           (1) *Federal programs, including the Federal*  
12           *Work-Study Programs, should encourage students,*  
13           *particularly prospective teachers, to become involved*  
14           *in supervised tutoring and mentoring activities in*  
15           *kindergarten through grade 12 schools;*

16           (2) *institutions of higher education, kindergarten*  
17           *through grade 12 schools, local educational agencies,*  
18           *States, and the Department of Education should enter*  
19           *into partnerships to identify and prepare promising*  
20           *candidates as future education leaders and to provide*  
21           *continuing professional development opportunities to*  
22           *current principals and other education leaders;*

23           (3) *options for access to teacher preparation pro-*  
24           *grams and new avenues to careers in teaching should*  
25           *be expanded to reach professionals seeking second ca-*

1 *reers and individuals whose prior experiences encom-*  
2 *pass critical subject areas such as mathematics and*  
3 *the sciences;*

4 *(4) partnerships between institutions of higher*  
5 *education and kindergarten through grade 12 schools*  
6 *should emphasize contacts between faculty and the*  
7 *business community to align expectations for aca-*  
8 *ademic achievement to create a more seamless transi-*  
9 *tion for students from secondary to postsecondary*  
10 *schools and to the workplace; and*

11 *(5) Congress should focus on identifying, rep-*  
12 *licating, and facilitating the expansion of exemplary*  
13 *partnerships between institutions of higher education*  
14 *and kindergarten through grade 12 schools, with par-*  
15 *ticular emphasis on partnerships targeted toward fos-*  
16 *tering excellence in kindergarten through grade 12*  
17 *school leadership, attracting and preparing qualified*  
18 *professionals for new careers in teaching, helping*  
19 *teachers incorporate technology into curricula, and*  
20 *aligning the curricula and expectations for student*  
21 *achievement in secondary schools and institutions of*  
22 *higher education, and for the workplace.*

1 **SEC. 799B. LIAISON FOR PROPRIETARY INSTITUTIONS OF**  
2 **HIGHER EDUCATION.**

3 *Title II of the Department of Education Organization*  
4 *Act (20 U.S.C. 3411 et seq.) is amended by adding at the*  
5 *end the following:*

6 **“SEC. 219. LIAISON FOR PROPRIETARY INSTITUTIONS OF**  
7 **HIGHER EDUCATION.**

8 *“(a) ESTABLISHMENT.—There shall be in the Depart-*  
9 *ment a Liaison for Proprietary Institutions of Higher Edu-*  
10 *cation, who shall be an officer of the Department appointed*  
11 *by the Secretary.*

12 *“(b) APPOINTMENT.—The Secretary shall appoint, not*  
13 *later than 6 months after the date of enactment of the High-*  
14 *er Education Amendments of 1998 a Liaison for Propri-*  
15 *etary Institutions of Higher Education who shall be a per-*  
16 *son who—*

17 *“(1) has attained a certificate or degree from a*  
18 *proprietary institution of higher education; or*

19 *“(2) has been employed in a proprietary institu-*  
20 *tion setting for not less than 5 years.*

21 *“(c) DUTIES.—The Liaison for Proprietary Institu-*  
22 *tions of Higher Education shall—*

23 *“(1) serve as the principal advisor to the Sec-*  
24 *retary on matters affecting proprietary institutions of*  
25 *higher education;*

1           “(2) provide guidance to programs within the  
2           Department that involve functions affecting propri-  
3           etary institutions of higher education; and

4           “(3) work with the Federal Interagency Commit-  
5           tee on Education to improve the coordination of—

6                   “(A) the outreach programs in the numer-  
7                   ous Federal departments and agencies that ad-  
8                   minister education and job training programs;

9                   “(B) collaborative business and education  
10                  partnerships; and

11                  “(C) education programs located in, and in-  
12                  volving, rural areas.”.

13 **SEC 799C. EXPANSION OF EDUCATIONAL OPPORTUNITIES**  
14 **FOR WELFARE RECIPIENTS.**

15           (a) **24 MONTHS OF POSTSECONDARY EDUCATION AND**  
16 **VOCATIONAL EDUCATIONAL TRAINING MADE PERMISSIBLE**  
17 **WORK ACTIVITIES.**—Section 407(d)(8) of the Social Secu-  
18 **rity Act (42 U.S.C. 607(d)(8)) is amended to read as fol-**  
19 **lows:**

20                   “(8) postsecondary education and vocational  
21                   educational training (not to exceed 24 months with  
22                   respect to any individual);”.

23           (b) **MODIFICATIONS TO THE EDUCATIONAL CAP.**—

24                   (1) **REMOVAL OF TEEN PARENTS FROM 30 PER-**  
25 **CENT LIMITATION.**—Section 407(c)(2)(D) of the Social

1       *Security Act (42 U.S.C. 607(c)(2)(D)) is amended by*  
2       *striking “, or (if the month is in fiscal year 2000 or*  
3       *thereafter) deemed to be engaged in work for the*  
4       *month by reason of subparagraph (C) of this para-*  
5       *graph”.*

6               (2) *EXTENSION OF CAP TO POSTSECONDARY EDU-*  
7       *CATION.—Section 407(c)(2)(D) of the Social Security*  
8       *Act (42 U.S.C. 607(c)(2)(D)) is amended by striking*  
9       *“vocational educational training” and inserting*  
10       *“training described in subsection (d)(8)”.*

11       **SEC. 799D. ALCOHOL OR DRUG POSSESSION DISCLOSURE.**

12       *Nothing in this Act shall be construed to prohibit an*  
13       *institution of postsecondary education from disclosing, to*  
14       *a parent of a student, information regarding violation of*  
15       *any Federal, State, or local laws governing the use or pos-*  
16       *session of alcohol or drugs, whether or not that information*  
17       *is contained in the student’s education records, if the stu-*  
18       *dent is under the age of 21.*

19       **SEC. 799E. RELEASE OF CONDITIONS, COVENANTS, AND RE-**  
20               **VERSIONARY INTERESTS, GUAM COMMUNITY**  
21               **COLLEGE CONVEYANCE, BARRIGADA, GUAM.**

22               (a) *RELEASE.—The Secretary of Education shall re-*  
23       *lease all conditions and covenants that were imposed by the*  
24       *United States, and the reversionary interests that were re-*  
25       *tained by the United States, as part of the conveyance of*

1 a parcel of Federal surplus property located in Barrigada,  
2 Guam, consisting of approximately 314.28 acres and known  
3 as Naval Communications Area Master Station,  
4 WESTPAC, parcel IN, which was conveyed to the Guam  
5 Community College pursuant to—

6 (1) the quitclaim deed dated June 8, 1990, con-  
7 veying 61.45 acres, between the Secretary, acting  
8 through the Administrator for Management Services,  
9 and the Guam Community College, acting through its  
10 Board of Trustees; and

11 (2) the quitclaim deed dated June 8, 1990, con-  
12 veying 252.83 acres, between the Secretary, acting  
13 through the Administrator for Management Services,  
14 and the Guam Community College, acting through its  
15 Board of Trustees, and the Governor of Guam.

16 (b) *CONSIDERATION.*—The Secretary shall execute the  
17 release of the conditions, covenants, and reversionary inter-  
18 ests under subsection (a) without consideration.

19 (c) *INSTRUMENT OF RELEASE.*—The Secretary shall  
20 execute and file in the appropriate office or offices a deed  
21 of release, amended deed, or other appropriate instrument  
22 effectuating the release of the conditions, covenants, and re-  
23 versionary interests under subsection (a).

1 **SEC. 799F. SENSE OF CONGRESS REGARDING GOOD CHAR-**  
2 **ACTER.**

3 (a) *FINDINGS.*—Congress finds that—

4 (1) *the future of our Nation and world will be*  
5 *determined by the young people of today;*

6 (2) *record levels of youth crime, violence, teenage*  
7 *pregnancy, and substance abuse indicate a growing*  
8 *moral crisis in our society;*

9 (3) *character development is the long-term proc-*  
10 *ess of helping young people to know, care about, and*  
11 *act upon such basic values as trustworthiness, respect*  
12 *for self and others, responsibility, fairness, compas-*  
13 *sion, and citizenship;*

14 (4) *these values are universal, reaching across*  
15 *cultural and religious differences;*

16 (5) *a recent poll found that 90 percent of Ameri-*  
17 *cans support the teaching of core moral and civic val-*  
18 *ues;*

19 (6) *parents will always be children's primary*  
20 *character educators;*

21 (7) *good moral character is developed best in the*  
22 *context of the family;*

23 (8) *parents, community leaders, and school offi-*  
24 *cial are establishing successful partnerships across*  
25 *the Nation to implement character education pro-*  
26 *grams;*

1           (9) *character education programs also ask par-*  
2           *ents, faculty, and staff to serve as role models of core*  
3           *values, to provide opportunities for young people to*  
4           *apply these values, and to establish high academic*  
5           *standards that challenge students to set high goals,*  
6           *work to achieve the goals, and persevere in spite of*  
7           *difficulty;*

8           (10) *the development of virtue and moral char-*  
9           *acter, those habits of mind, heart, and spirit that help*  
10          *young people to know, desire, and do what is right,*  
11          *has historically been a primary mission of colleges*  
12          *and universities; and*

13          (11) *the Congress encourages parents, faculty,*  
14          *and staff across the Nation to emphasize character de-*  
15          *velopment in the home, in the community, in our*  
16          *schools, and in our colleges and universities.*

17          (b) *SENSE OF CONGRESS.—It is the sense of Congress*  
18          *that Congress should support and encourage character*  
19          *building initiatives in schools across America and urge col-*  
20          *leges and universities to affirm that the development of*  
21          *character is one of the primary goals of higher education.*

Attest:

*Secretary.*

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

**H. R. 6**

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**AMENDMENT**

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