

108TH CONGRESS
2D SESSION

H. R. 4283

To amend and extend the Higher Education Act of 1965.

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2004

Mr. BOEHNER (for himself and Mr. McKEON) introduced the following bill;
which was referred to the Committee on Education and the Workforce

A BILL

To amend and extend the Higher Education Act of 1965.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “College Access and Opportunity Act of 2004”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. References; effective date.

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Sec. 101. Definition of institution of higher education.

“Sec. 101. Definition of institution of higher education.

“Sec. 102. Institutions outside the United States.

“Sec. 123. Restrictions on funds for for-profit schools.

Sec. 102. New borrower definition.

Sec. 103. Student speech and association rights.

- Sec. 104. Extension of National Advisory Committee on Institutional Quality and Integrity.
- Sec. 105. Alcohol and drug abuse prevention.
- Sec. 106. Prior rights and obligations.
- Sec. 107. Consumer information and public accountability in higher education.
“Sec. 131. Consumer information and public accountability in higher education.
- Sec. 108. Performance-based organization.

TITLE II—TEACHER PREPARATION

- Sec. 201. Sense of the House of Representatives.

TITLE III—INSTITUTIONAL AID

- Sec. 301. Title III grants for American Indian Tribally Controlled Colleges and Universities.
- Sec. 302. Alaska Native and Native Hawaiian-serving institutions.
- Sec. 303. Grants to part B institutions.
- Sec. 304. Technical amendments.
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- Sec. 401. Pell Grants.
“Sec. 401A. Pell Grants Plus: achievement grants for State scholars.
- Sec. 402. TRIO programs.
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- Sec. 408. Child care access.
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PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

- Sec. 421. Reauthorization of Federal Family Education Loan Program.
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PART E—FEDERAL PERKINS LOAN PROGRAM

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PART G—GENERAL PROVISIONS RELATING TO STUDENT FINANCIAL ASSISTANCE

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 Sec. 482. Distance education.
 Sec. 483. Expanding information dissemination regarding eligibility for Pell Grants.
 Sec. 484. Student eligibility.
 Sec. 485. Institutional refunds.
 Sec. 486. Institutional and financial assistance information for students.
 Sec. 487. College access initiative.
 “Sec. 485D. College access initiative.
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 “Sec. 486A. College affordability demonstration program.
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- Sec. 1021. Amendment to Higher Education Amendments of 1998.
- Sec. 1022. Tribally Controlled College or University Assistance Act of 1978.
- Sec. 1023. Navajo Community College Act.
- Sec. 1024. Education Amendments of 1992.
- Sec. 1025. Study of student learning outcomes and public accountability.

1 **SEC. 2. REFERENCES; EFFECTIVE DATE.**

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

8 (b) EFFECTIVE DATE.—Except as otherwise provided
 9 in this Act, the amendments made by this Act shall take
 10 effect on the date of enactment of this Act.

1 **TITLE I—GENERAL PROVISIONS**

2 **SEC. 101. DEFINITION OF INSTITUTION OF HIGHER EDU-**
3 **CATION.**

4 (a) AMENDMENT.—Title I is amended by striking
5 sections 101 and 102 (20 U.S.C. 1001, 1002) and insert-
6 ing the following:

7 **“SEC. 101. DEFINITION OF INSTITUTION OF HIGHER EDU-**
8 **CATION.**

9 “(a) INSTITUTION OF HIGHER EDUCATION.—For
10 purposes of this Act, the term ‘institution of higher edu-
11 cation’ means an educational institution in any State
12 that—

13 “(1) admits as regular students only persons
14 who—

15 “(A) meet the requirements of section
16 484(d)(3), or have a certificate of graduation
17 from a school providing secondary education, or
18 the recognized equivalent of such a certificate;
19 or

20 “(B) are beyond the age of compulsory
21 school attendance in the State in which the in-
22 stitution is located;

23 “(2) is legally authorized within such State to
24 provide a program of education beyond secondary
25 education;

1 “(3)(A) is accredited by a nationally recognized
2 accrediting agency or association; or

3 “(B) if not so accredited, is a public or non-
4 profit institution that has been granted
5 preaccreditation status by such an agency or asso-
6 ciation that has been recognized by the Secretary for
7 the granting of preaccreditation status, and the Sec-
8 retary has determined that there is satisfactory as-
9 surance that the institution will meet the accredita-
10 tion standards of such an agency or association
11 within a reasonable time; and

12 “(4) meets either of the following criteria:

13 “(A) is a nonprofit, for-profit, or public in-
14 stitution that—

15 “(i) provides an educational program
16 for which the institution awards a bach-
17 elor’s degree;

18 “(ii) provides not less than a 2-year
19 educational program which is acceptable
20 for full credit towards such a degree; or

21 “(iii) provides not less than a 1-year
22 program of training that prepares students
23 for gainful employment in a recognized oc-
24 cupation; or

1 “(B) is a nonprofit, for-profit, or public in-
2 stitution that provides an eligible program (as
3 defined in section 481)—

4 “(i) for which the institution awards a
5 certificate; and

6 “(ii) that prepares students for gain-
7 ful employment in a recognized occupation.

8 “(b) ADDITIONAL LIMITATIONS.—

9 “(1) FOR-PROFIT POSTSECONDARY INSTITU-
10 TIONS.—

11 “(A) DURATION OF ACCREDITATION.—A
12 for-profit institution shall not be considered to
13 be an institution of higher education unless
14 such institution is accredited by a nationally
15 recognized accrediting agency or association
16 and such institution has been in existence for at
17 least 2 years.

18 “(B) INSTITUTIONAL ELIGIBILITY ONLY
19 FOR COMPETITIVE GRANTS.—For the purposes
20 of any program providing grants to institutions
21 for use by the institution (and not for distribu-
22 tion among students), a for-profit institution
23 shall not be considered to be an institution of
24 higher education under this section if such
25 grants are awarded on any basis other than

1 competition on the merits of the grant proposal
2 or application.

3 “(2) POSTSECONDARY VOCATIONAL INSTITU-
4 TIONS.—A nonprofit or public institution that meets
5 the criteria of subsection (a)(4)(B) shall not be con-
6 sidered to be an institution of higher education un-
7 less such institution has been in existence for at
8 least 2 years.

9 “(3) LIMITATIONS BASED ON MANAGEMENT.—
10 An institution shall not be considered to meet the
11 definition of an institution of higher education in
12 this section if—

13 “(A) the institution, or an affiliate of the
14 institution that has the power, by contract or
15 ownership interest, to direct or cause the direc-
16 tion of the management or policies of the insti-
17 tution, has filed for bankruptcy, except that
18 this paragraph shall not apply to a nonprofit in-
19 stitution, the primary function of which is to
20 provide health care educational services (or an
21 affiliate of such an institution that has the
22 power, by contract or ownership interest, to di-
23 rect or cause the direction of the institution’s
24 management or policies) that filed for bank-
25 ruptcy under chapter 11 of title 11, United

1 States Code, between July 1, 1998, and Decem-
2 ber 1, 1998; or

3 “(B) the institution, the institution’s
4 owner, or the institution’s chief executive officer
5 has been convicted of, or has pled nolo
6 contendere or guilty to, a crime involving the
7 acquisition, use, or expenditure of Federal
8 funds, or has been judicially determined to have
9 committed a crime involving the acquisition,
10 use, or expenditure involving Federal funds.

11 “(4) LIMITATION ON COURSE OF STUDY OR EN-
12 ROLLMENT.—An institution shall not be considered
13 to meet the definition of an institution of higher
14 education in subsection (a) if such institution—

15 “(A) offers more than 50 percent of such
16 institution’s courses by correspondence (exclud-
17 ing courses offered by telecommunications as
18 defined in 484(l)(4)), unless the institution is
19 an institution that meets the definition in sec-
20 tion 3(3)(C) of the Carl D. Perkins Vocational
21 and Technical Education Act of 1998;

22 “(B) enrolls 50 percent or more of the in-
23 stitution’s students in correspondence courses
24 (excluding courses offered by telecommuni-
25 cations as defined in 484(l)(4)), unless the in-

1 stitution is an institution that meets the defini-
2 tion in section 3(3)(C) of the Carl D. Perkins
3 Vocational and Technical Education Act of
4 1998, except that the Secretary, at the request
5 of the institution, may waive the applicability of
6 this subparagraph to the institution for good
7 cause, as determined by the Secretary in the
8 case of an institution of higher education that
9 provides a 2- or 4-year program of instruction
10 (or both) for which the institution awards an
11 associate or baccalaureate degree, respectively;

12 “(C) has a student enrollment in which
13 more than 25 percent of the students are incar-
14 cerated, except that the Secretary may waive
15 the limitation contained in this subparagraph
16 for an institution that provides a 2- or 4-year
17 program of instruction (or both) for which the
18 institution awards a bachelor’s degree, or an as-
19 sociate’s degree or a postsecondary certificate,
20 respectively; or

21 “(D) has a student enrollment in which
22 more than 50 percent of the students either do
23 not meet the requirements of section 484(d)(3)
24 or do not have a secondary school diploma or
25 its recognized equivalent, and does not provide

1 a 2- or 4-year program of instruction (or both)
2 for which the institution awards an associate's
3 degree or a bachelor's degree, respectively, ex-
4 cept that the Secretary may waive the limita-
5 tion contained in this subparagraph if an insti-
6 tution demonstrates to the satisfaction of the
7 Secretary that the institution exceeds such limi-
8 tation because the institution serves, through
9 contracts with Federal, State, or local govern-
10 ment agencies, significant numbers of students
11 who do not meet the requirements of section
12 484(d)(3) or do not have a secondary school di-
13 ploma or its recognized equivalent.

14 “(c) LIST OF ACCREDITING AGENCIES.—For pur-
15 poses of this section, the Secretary shall publish a list of
16 nationally recognized accrediting agencies or associations
17 that the Secretary determines, pursuant to subpart 2 of
18 part H of title IV, to be reliable authority as to the quality
19 of the education or training offered.

20 “(d) CERTIFICATION.—The Secretary shall certify,
21 for the purposes of participation in title IV, an institu-
22 tion's qualification as an institution of higher education
23 in accordance with the requirements of subpart 3 of part
24 H of title IV.

1 “(e) LOSS OF ELIGIBILITY.—An institution of higher
2 education shall not be considered to meet the definition
3 of an institution of higher education in this section for
4 the purposes of participation in title IV if such institution
5 is removed from eligibility for funds under title IV as a
6 result of an action pursuant to part H of title IV.

7 **“SEC. 102. INSTITUTIONS OUTSIDE THE UNITED STATES.**

8 “(a) INSTITUTIONS OUTSIDE THE UNITED
9 STATES.—

10 “(1) IN GENERAL.—An institution outside the
11 United States shall be considered to be an institu-
12 tion of higher education only for purposes of part B
13 of title IV if the institution is comparable to an in-
14 stitution of higher education, as defined in section
15 101, is legally authorized by the education ministry
16 (or comparable agency) of the country in which the
17 school is located, and has been approved by the Sec-
18 retary for purposes of that part. The Secretary shall
19 establish criteria by regulation for that approval and
20 that determination of comparability. An institution
21 may not be so approved or determined to be com-
22 parable unless such institution is a public or non-
23 profit institution, except that, subject to paragraph
24 (2)(B), a graduate medical school or veterinary

1 school located outside the United States may be a
2 for-profit institution.

3 “(2) MEDICAL AND VETERINARY SCHOOL CRI-
4 TERIA.—In the case of a graduate medical or veteri-
5 nary school outside the United States, such criteria
6 shall include a requirement that a student attending
7 such school outside the United States is ineligible
8 for loans made, insured, or guaranteed under part B
9 of title IV unless—

10 “(A) in the case of a graduate medical
11 school located outside the United States—

12 “(i)(I) at least 60 percent of those en-
13 rolled in, and at least 60 percent of the
14 graduates of, the graduate medical school
15 outside the United States were not persons
16 described in section 484(a)(5) in the year
17 preceding the year for which a student is
18 seeking a loan under part B of title IV;
19 and

20 “(II) at least 60 percent of the indi-
21 viduals who were students or graduates of
22 the graduate medical school outside the
23 United States or Canada (both nationals of
24 the United States and others) taking the
25 examinations administered by the Edu-

1 cational Commission for Foreign Medical
2 Graduates received a passing score in the
3 year preceding the year for which a stu-
4 dent is seeking a loan under part B of title
5 IV; or

6 “ (ii) the institution has a clinical
7 training program that was approved by a
8 State as of January 1, 1992; or

9 “(B) in the case of a veterinary school lo-
10 cated outside the United States that is not a
11 public or nonprofit institution, the institution’s
12 students complete their clinical training at an
13 approved veterinary school located in the
14 United States.

15 “(b) ADVISORY PANEL.—

16 “(1) IN GENERAL.—For the purpose of quali-
17 fying a foreign medical school as an institution of
18 higher education only for purposes of part B of title
19 IV, the Secretary shall publish qualifying criteria by
20 regulation and establish an advisory panel of medical
21 experts that shall—

22 “(A) evaluate the standards of accredita-
23 tion applied to applicant foreign medical
24 schools; and

1 Act, none of the funds made available under this Act to
2 a for-profit institution of higher education may be used
3 for—

4 “(1) construction, maintenance, renovation, re-
5 pair, or improvement of classrooms, libraries, labora-
6 tories, or other facilities;

7 “(2) establishing, improving, or increasing an
8 endowment fund; or

9 “(3) establishing or improving an institutional
10 development office to strengthen or improve con-
11 tributions from alumni and the private sector.

12 “(b) EXCEPTION.—Subsection (a) shall not apply to
13 funds received by the institution from the grant, loan, or
14 work assistance that is awarded under title IV to the stu-
15 dents attending such institution.”.

16 (c) CONFORMING AMENDMENTS.—

17 (1) Section 114(a) (20 U.S.C. 1011c(a)) is
18 amended by striking “(as defined in section 102)”.

19 (2) Section 428K(b) (20 U.S.C. 1078–11(b)) is
20 amended by striking paragraph (5).

21 (3) Section 435(a)(1) (20 U.S.C. 1085(a)(1)) is
22 amended by striking “section 102” and inserting
23 “section 101”.

24 (4) Subsection (d) of section 484 (20 U.S.C.
25 1091(d)) is amended by striking the designation and

1 heading of such subsection and inserting the fol-
2 lowing:

3 “(d) SATISFACTION OF SECONDARY EDUCATION
4 STANDARDS.—”.

5 (5) Section 486(b)(2) (20 U.S.C. 1093(b)(2)) is
6 amended by striking “102(a)(3)(A), 102(a)(3)(B)”
7 and inserting “101(b)(4)(A), 101(b)(4)(B)”.

8 (6) Section 487(c)(1)(A)(iii) (20 U.S.C.
9 1094(c)(1)(A)(iii)) is amended by striking “section
10 102(a)(1)(C)” and inserting “section 102”.

11 (7) Section 487(d) (20 U.S.C. 1094(d)) is
12 amended by striking “section 102” and inserting
13 “section 101”.

14 (8) Subsections (j) and (k) of section 496 (20
15 U.S.C. 1099b(j), (k)) are each amended by striking
16 “section 102” and inserting “section 101”.

17 (9) Section 498(g)(3) (20 U.S.C. 1099c(g)(3))
18 is amended by striking “section 102(a)(1)(C)” and
19 inserting “section 102”.

20 (10) Section 498(i) (20 U.S.C. 1099c(i)) is
21 amended by striking “section 102” and inserting
22 “section 101”.

23 (11) Section 498(j)(1) (20 U.S.C. 1099c) is
24 amended by striking “except that such branch shall
25 not be required to meet the requirements of sections

1 102(b)(1)(E) and 102(c)(1)(C) prior to seeking such
2 certification” and inserting “except that such branch
3 shall not be required to be in existence for at least
4 2 years prior to seeking such certification”.

5 (12) Section 498B(b) (20 U.S.C. 1099c-2(b))
6 is amended by striking “section 102(a)(1)(C)” and
7 inserting “section 102”.

8 **SEC. 102. NEW BORROWER DEFINITION.**

9 Paragraph (7) of section 103 (20 U.S.C. 1003) is
10 amended to read as follows:

11 “(7) NEW BORROWER.—The term ‘new bor-
12 rower’ when used with respect to any date for any
13 loan under any provision of—

14 “(A) part B or part D of title IV means
15 an individual who on that date has no out-
16 standing balance of principal or interest owing
17 on any loan made, insured, or guaranteed under
18 either of those parts; and

19 “(B) part E of title IV means an indi-
20 vidual who on that date has no outstanding bal-
21 ance of principal or interest owing on any loan
22 made under that part.”.

23 **SEC. 103. STUDENT SPEECH AND ASSOCIATION RIGHTS.**

24 Section 112 (20 U.S.C. 1011a) is amended—

1 (1) by amending subsection (a) to read as fol-
2 lows:

3 “(a) PROTECTION OF RIGHTS.—It is the sense of
4 Congress that—

5 “(1) no student attending an institution of
6 higher education on a full- or part-time basis should,
7 on the basis of participation in protected speech or
8 protected association, be excluded from participation
9 in, be denied the benefits of, or be subjected to dis-
10 crimination or official sanction under any education
11 program, activity, or division of the institution di-
12 rectly or indirectly receiving financial assistance
13 under this Act, whether or not such program, activ-
14 ity, or division is sponsored or officially sanctioned
15 by the institution; and

16 “(2) an institution of higher education should
17 ensure that a student attending such institution on
18 a full- or part-time basis is—

19 “(A) evaluated solely on the basis of their
20 reasoned answers and knowledge of the subjects
21 and disciplines they study and without regard
22 to their political, ideological, or religious beliefs;

23 “(B) assured that the selection of speakers
24 and allocation of funds for speakers, programs,
25 and other student activities will utilize methods

1 that promote intellectual pluralism and include
2 diverse viewpoints;

3 “(C) presented diverse approaches and dis-
4 senting sources and viewpoints within the in-
5 structional setting; and

6 “(D) not excluded from participation in,
7 denied the benefits of, or subjected to discrimi-
8 nation or official sanction on the basis of their
9 political or ideological beliefs under any edu-
10 cation program, activity, or division of the insti-
11 tution directly or indirectly receiving financial
12 assistance under this Act, whether or not such
13 program, activity, or division is sponsored or of-
14 ficially sanctioned by the institution.”; and

15 (2) in subsection (b)(1), by inserting after
16 “higher education” the following: “, provided that
17 the imposition of such sanction is done objectively,
18 fairly, and without regard to the student’s political,
19 ideological, or religious beliefs”.

20 **SEC. 104. EXTENSION OF NATIONAL ADVISORY COMMITTEE**
21 **ON INSTITUTIONAL QUALITY AND INTEGRITY.**

22 Section 114(g) (20 U.S.C. 1011e(g)) is amended by
23 striking “2004” and inserting “2011”.

1 **SEC. 105. ALCOHOL AND DRUG ABUSE PREVENTION.**

2 Section 120(e)(5) (20 U.S.C. 1011i(e)(5)) is amend-
3 ed—

4 (1) by striking “1999” and inserting “2005”;
5 and

6 (2) by striking “4 succeeding fiscal years” and
7 inserting “5 succeeding fiscal years”.

8 **SEC. 106. PRIOR RIGHTS AND OBLIGATIONS.**

9 Section 121(a) (20 U.S.C. 1011j(a)) is amended by
10 striking “1999 and for each of the 4” each place it ap-
11 pears and inserting “2005 and for each of the 5”.

12 **SEC. 107. CONSUMER INFORMATION AND PUBLIC AC-**
13 **COUNTABILITY IN HIGHER EDUCATION.**

14 Section 131 (20 U.S.C. 1015) is amended to read as
15 follows:

16 **“SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-**
17 **COUNTABILITY IN HIGHER EDUCATION.**

18 “(a) DATA COLLECTION.—

19 “(1) DATA SYSTEMS.—The Secretary shall con-
20 tinue to redesign the relevant parts of the postsec-
21 ondary education data systems to include additional
22 data as required by this section and to continue to
23 improve the usefulness and timeliness of data col-
24 lected by such systems.

25 “(2) INFORMATION FROM INSTITUTIONS.—The
26 Commissioner of Education Statistics shall collect,

1 for each academic year and in accordance with
2 standard definitions developed by the Commissioner
3 of Education Statistics (including definitions devel-
4 oped under section 131(a)(3)(A) as in effect on the
5 day before the date of enactment of the College Ac-
6 cess and Opportunity Act of 2004) from at least all
7 institutions of higher education participating in pro-
8 grams under title IV, and such institutions shall
9 provide, the following data:

10 “(A) The tuition and fees charged for a
11 full-time undergraduate student.

12 “(B) The room and board charges for such
13 a student.

14 “(C) The cost of attendance for a full-time
15 undergraduate student, consistent with the pro-
16 visions of section 472.

17 “(D) The average amount of financial as-
18 sistance received by a full-time undergraduate
19 student, including—

20 “(i) each type of assistance or benefits
21 described in 428(a)(2)(C)(ii);

22 “(ii) fellowships;

23 “(iii) institutional and other assist-
24 ance; and

25 “(iv) loans under parts B and D.

1 “(E) The number of students receiving fi-
2 nancial assistance described in each clause of
3 subparagraph (D).

4 “(F) The average net price for students re-
5 ceiving Federal, State, or institutional financial
6 assistance.

7 “(G) The institutional instructional ex-
8 penditure per full-time equivalent student.

9 “(b) DATA DISSEMINATION.—The Secretary shall
10 make available the data collected pursuant to this section,
11 including an institution’s college affordability index as cal-
12 culated in accordance with subsection (c). Such data shall
13 be made available in a manner that permits the review
14 and comparison of data submissions of individual institu-
15 tions of higher education. Such data shall be presented
16 in a form that is easily accessible and understandable and
17 allows parents and students to make informed decisions
18 based on the prices for typical full-time undergraduate
19 students and the institution’s rate of cost increase.

20 “(c) COLLEGE AFFORDABILITY INDEX.—

21 “(1) IN GENERAL.—The Secretary shall, on the
22 basis of the data submitted under subsection (a),
23 calculate a college affordability index for each insti-
24 tution of higher education submitting such data and
25 shall make the index available in accordance with

1 subsection (b) as soon as operationally possible on
2 the Department's college opportunity online Web
3 site.

4 “(2) CALCULATION OF INDEX.—The college af-
5 fordability index shall be equal to—

6 “(A) the percentage increase in the tuition
7 and fees charged for a first-time, full-time, full-
8 year undergraduate student between the first of
9 the 3 most recent preceding academic years and
10 the last of those 3 academic years; divided by

11 “(B) the percentage increase in the Con-
12 sumer Price Index—All Urban Consumers
13 (Current Series) from July of the first of those
14 3 academic years to July of the last of those 3
15 academic years.

16 “(d) OUTCOMES AND ACTIONS.—

17 “(1) RESPONSE FROM INSTITUTION.—Effective
18 on June 30, 2008, an institution that has a college
19 affordability index that exceeds 2.0 for any 3-year
20 interval ending on or after that date shall provide a
21 report to the Secretary, in such a form, at such
22 time, and containing such information as the Sec-
23 retary may require. Such report shall include—

1 “(A) an explanation of the factors contrib-
2 uting to the increase in the institution’s costs
3 and in the tuition and fees charged to students;

4 “(B) a management plan stating the spe-
5 cific steps the institution is and will be taking
6 to reduce its college affordability index;

7 “(C) an action plan, including a schedule,
8 by which the institution will reduce increases in
9 or stabilize, such costs and tuition and fees; and

10 “(D) if determinations of tuition and fee
11 increases are not within the exclusive control of
12 the institution, a description of the agency or
13 instrumentality of State government or other
14 entity that participates in such determinations
15 and the authority exercised by such agency, in-
16 strumentality, or entity.

17 “(2) INFORMATION TO THE PUBLIC.—Upon re-
18 ceipt of the institution’s report and management
19 plan under paragraph (1), the Secretary shall make
20 the institution’s report required under paragraph (1)
21 available to the public in accordance with subsection
22 (b).

23 “(3) CONSEQUENCES FOR 2-YEAR CONTINU-
24 ATION OF FAILURE.—If the Secretary determines
25 that the institution has failed to comply with the

1 management plan and action plan submitted by the
2 institution under this subsection following the next
3 2 academic years that begin after the submission of
4 such plans, and has failed to reduce the college af-
5 fordability index below 2.0 for such 2 academic
6 years, the Secretary—

7 “(A) shall make available to the public a
8 detailed report provided by the institution on all
9 costs and expenditures, and on all tuition and
10 fees charged to students, for such 2 academic
11 years;

12 “(B) shall place the institution on an af-
13 fordability alert status and shall make the in-
14 formation regarding the institution’s failure
15 available in accordance with subsection (b);

16 “(C) shall notify the institution’s accred-
17 iting agency of the institution’s failure; and

18 “(D) may require the institution to submit
19 to a review and audit by the Inspector General
20 of the Department of Education to determine
21 the cause of the institution’s failure.

22 “(4) INFORMATION TO STATE AGENCIES.—Any
23 institution that reports under paragraph (1)(D) that
24 an agency or instrumentality of State government or
25 other entity participates in the determinations of tui-

1 tion and fee increases shall, prior to submitting any
2 information to the Secretary under this subsection,
3 submit such information to, and request the com-
4 ments and input of, such agency, instrumentality, or
5 entity. With respect to any such institution, the Sec-
6 retary shall provide a copy of any communication by
7 the Secretary with that institution to such agency,
8 instrumentality, or entity.

9 “(5) EXEMPTIONS.—

10 “(A) RELATIVE PRICE EXEMPTION.—The
11 Secretary shall, for any 3-year interval for
12 which college affordability indexes are computed
13 under paragraph (1), determine and publish the
14 dollar amount that, for each class of institution
15 described in subparagraph (C) represents the
16 maximum tuition and fees charged for a full-
17 time undergraduate student in the least costly
18 quartile of institutions within each such class
19 during the last year of such 3-year interval. An
20 institution that has a college affordability index
21 computed under paragraph (1) that exceeds 2.0
22 for any such 3-year interval, but that, on aver-
23 age during such 3-year interval, charges less
24 than such maximum tuition and fees shall not
25 be subject to the actions required by subpara-

1 graph (B) or (C) of paragraph (1), or any ac-
2 tion under paragraph (3), unless such institu-
3 tion, for a subsequent 3-year interval, charges
4 more than such maximum tuition and fees.

5 “(B) DOLLAR INCREASE EXEMPTION.—An
6 institution that has a college affordability index
7 computed under paragraph (1) that exceeds 2.0
8 for any 3-year interval, but that exceeds such
9 2.0 by a dollar amount that is less than \$500,
10 shall not be subject to the actions required by
11 subparagraph (B) or (C) of paragraph (1), or
12 any action under paragraph (3), unless such in-
13 stitution has a college affordability index for a
14 subsequent 3-year interval that exceeds 2.0 by
15 more than such dollar amount.

16 “(C) CLASSES OF INSTITUTIONS.—For
17 purposes of subparagraph (B), the classes of in-
18 stitutions shall be those sectors used by the In-
19 tegrated Postsecondary Education Data Sys-
20 tem, based on whether the institution is public,
21 nonprofit private, or for-profit private, and
22 whether the institution has a 4-year, 2-year, or
23 less than 2-year program of instruction.

24 “(e) FINES.—In addition to actions authorized in
25 section 487(c), the Secretary may impose a fine in an

1 amount not to exceed \$25,000 on an institution of higher
2 education for failing to provide the information described
3 in this section in a timely and accurate manner, or for
4 failing to otherwise cooperate with the National Center for
5 Education Statistics regarding efforts to obtain data on
6 the cost and price of higher education under this section
7 and pursuant to the program participation agreement en-
8 tered into under section 487.

9 “(f) GAO STUDY AND REPORT.—

10 “(1) GAO STUDY.—The Comptroller General
11 shall conduct a study of the policies and procedures
12 implemented by institutions in increasing the afford-
13 ability of postsecondary education. Such study shall
14 include information with respect to—

15 “(A) a list of those institutions that—

16 “(i) have reduced their college afford-
17 ability indexes; or

18 “(ii) are, as determined under sub-
19 section (d)(5)(A), within the least costly
20 quartile of institutions within each class
21 described in subsection (d)(5)(C);

22 “(B) policies implemented to stem the in-
23 crease in tuition and fees and institutional
24 costs;

1 “(C) the extent to which room and board
2 costs and prices changed;

3 “(D) the extent to which other services
4 were altered to affect tuition and fees;

5 “(E) the extent to which the institution’s
6 policies affected student body demographics and
7 time to completion;

8 “(F) what, if any, operational factors
9 played a role in reducing tuition and fees;

10 “(G) the extent to which academic quality
11 was affected, and how;

12 “(H) the extent to which policies and prac-
13 tices reducing costs and prices may be rep-
14 licated from one institution to another; and

15 “(I) other information as necessary to de-
16 termine best practices in increasing the afford-
17 ability of postsecondary education.

18 “(2) INTERIM AND FINAL REPORTS.—The
19 Comptroller General shall submit an interim and a
20 final report regarding the findings of the study re-
21 quired by paragraph (1) to the appropriate author-
22 izing committees of Congress. The interim report
23 shall be submitted not later than July 31, 2010, and
24 the final report shall be submitted not later than
25 July 31, 2012.

1 “(g) STUDENT AID RECIPIENT SURVEY.—

2 “(1) SURVEY REQUIRED.—The Secretary shall
3 conduct a survey of student aid recipients under title
4 IV on a regular cycle and State-by-State basis, but
5 not less than once every 4 years—

6 “(A) to identify the population of students
7 receiving Federal student aid;

8 “(B) to describe the income distribution
9 and other socioeconomic characteristics of fed-
10 erally aided students;

11 “(C) to describe the combinations of aid
12 from State, Federal, and private sources re-
13 ceived by students from all income groups;

14 “(D) to describe the debt burden of edu-
15 cational loan recipients and their capacity to
16 repay their education debts, and the impact of
17 such debt burden on career choices;

18 “(E) to describe the role played by the
19 price of postsecondary education in the deter-
20 mination by students of what institution to at-
21 tend; and

22 “(F) to describe how the increased costs of
23 textbooks and other instructional materials af-
24 fects the costs of postsecondary education to
25 students.

1 “(2) SURVEY DESIGN.—The survey shall be
2 representative of full-time and part-time, under-
3 graduate, graduate, and professional and current
4 and former students in all types of institutions, and
5 designed and administered in consultation with the
6 Congress and the postsecondary education commu-
7 nity.

8 “(3) DISSEMINATION.—The Secretary shall dis-
9 seminate the information resulting from the survey
10 in both printed and electronic form.

11 “(h) REGULATIONS.—The Secretary is authorized to
12 issue such regulations as may be necessary to carry out
13 the provisions of this section.”.

14 **SEC. 108. PERFORMANCE-BASED ORGANIZATION.**

15 Section 141 (20 U.S.C. 1018) is amended—

16 (1) in subsection (a)(2)(B)—

17 (A) by inserting “unit” after “to reduce
18 the”; and

19 (B) by inserting “and, to the extent prac-
20 ticable, the total costs of administering those
21 programs” after “those programs”;

22 (2) in subsection (c)—

23 (A) in paragraph (1)(A), by striking “Each
24 year” and inserting “Each fiscal year”;

1 (B) in paragraph (1)(B), by inserting “sec-
 2 ondary markets, guaranty agencies,” after
 3 “lenders,”; and

4 (C) in paragraph (2)(B), by striking
 5 “Chief Financial Officer Act of 1990 and” and
 6 inserting “Chief Financial Officers Act of
 7 1990,” and by inserting before the period at the
 8 end the following: “, and other relevant stat-
 9 utes”; and

10 (3) in subsection (f)(3)(A), by striking “para-
 11 graph (1)(A)” and inserting “paragraph (1)”.

12 **TITLE II—TEACHER** 13 **PREPARATION**

14 **SEC. 201. SENSE OF THE HOUSE OF REPRESENTATIVES.**

15 It is the sense of the House of Representatives that
 16 title II of the Higher Education Act of 1965 should be
 17 amended as provided in H.R. 2211 as passed by the House
 18 of Representatives on July 9, 2003.

19 **TITLE III—INSTITUTIONAL AID**

20 **SEC. 301. TITLE III GRANTS FOR AMERICAN INDIAN TRIB-** 21 **ALLY CONTROLLED COLLEGES AND UNIVER-** 22 **SITIES.**

23 (a) ELIGIBLE INSTITUTIONS.—Subsection (b) of sec-
 24 tion 316 (20 U.S.C. 1059c(b)) is amended to read as fol-
 25 lows:

1 “(b) DEFINITIONS.—

2 “(1) ELIGIBLE INSTITUTIONS.—For purposes
3 of this section, Tribal Colleges and Universities are
4 the following:

5 “(A) any of the following institutions that
6 qualify for funding under the Tribally Con-
7 trolled College or University Assistance Act of
8 1978 or is listed in Equity in Educational Land
9 Grant Status Act of 1994 (7 U.S.C. 301 note):
10 Bay Mills Community College; Blackfeet Com-
11 munity College; Cankdeska Cikana Community
12 College; Chief Dull Knife College; College of
13 Menominee Nation; Crownpoint Institute of
14 Technology; Diné College; D–Q University;
15 Fond du Lac Tribal and Community College;
16 Fort Belknap College; Fort Berthold Commu-
17 nity College; Fort Peck Community College;
18 Haskell Indian Nations University; Institute of
19 American Indian and Alaska Native Culture
20 and Arts Development; Lac Courte Oreilles
21 Ojibwa Community College; Leech Lake Tribal
22 College; Little Big Horn College; Little Priest
23 Tribal College; Nebraska Indian Community
24 College; Northwest Indian College; Oglala
25 Lakota College; Saginaw Chippewa Tribal Col-

1 lege; Salish Kootenai College; Si Tanka Univer-
2 sity—Eagle Butte Campus; Sinte Gleska Uni-
3 versity; Sisseton Wahpeton Community College;
4 Sitting Bull College; Southwestern Indian Poly-
5 technic Institute; Stone Child College; Tohono
6 O’Odham Community College; Turtle Mountain
7 Community College; United Tribes Technical
8 College; and White Earth Tribal and Commu-
9 nity College; and

10 “(B) any other institution that meets the
11 definition of tribally controlled college or uni-
12 versity in section 2 of the Tribally Controlled
13 College or University Assistance Act of 1978,
14 and meets all other requirements of this sec-
15 tion.

16 “(2) INDIAN.—The term ‘Indian’ has the mean-
17 ing given the term in section 2 of the Tribally Con-
18 trolled College or University Assistance Act of
19 1978.”.

20 (b) DISTANCE LEARNING.—Subsection (c)(2) of such
21 section is amended—

22 (1) by amending subparagraph (B) to read as
23 follows:

24 “(B) construction, maintenance, renova-
25 tion, and improvement in classrooms, libraries,

1 laboratories, and other instructional facilities,
2 including purchase or rental of telecommuni-
3 cations technology equipment or services, and
4 the acquisition of real property adjacent to the
5 campus of the institution on which to construct
6 such facilities;”;

7 (2) by striking “and” at the end of subpara-
8 graph (K);

9 (3) by redesignating subparagraph (L) as sub-
10 subparagraph (M); and

11 (4) by inserting after subparagraph (K) the fol-
12 lowing new subparagraph:

13 “(L) developing or improving facilities for
14 Internet use or other distance learning aca-
15 demic instruction capabilities; and”.

16 (c) APPLICATION AND ALLOTMENT.—Subsection (d)
17 of such section is amended to read as follows:

18 “(d) APPLICATION AND ALLOTMENT.—

19 “(1) INSTITUTIONAL ELIGIBILITY.—To be eligi-
20 ble to receive assistance under this section, a Tribal
21 College or University shall be an eligible institution
22 under section 312(b).

23 “(2) APPLICATION.—Any Tribal College or Uni-
24 versity desiring to receive assistance under this sec-
25 tion shall submit an application to the Secretary at

1 such time, and in such manner, as the Secretary
2 may reasonably require.

3 “(3) ALLOTMENTS TO INSTITUTIONS.—

4 “(A) ALLOTMENT: PELL GRANT BASIS.—

5 From the amount appropriated to carry out
6 this section for any fiscal year, the Secretary
7 shall allot to each eligible institution a sum
8 which bears the same ratio to one-half that
9 amount as the number of Pell Grant recipients
10 in attendance at such institution at the end of
11 the award year preceding the beginning of that
12 fiscal year bears to the total number of Pell
13 Grant recipients at all eligible institutions.

14 “(B) ALLOTMENT: DEGREE AND CERTIFI-

15 CATE BASIS.—From the amount appropriated
16 to carry out this section for any fiscal year, the
17 Secretary shall allot to each eligible institution
18 a sum which bears the same ratio to one-half
19 that amount as the number of degrees or cer-
20 tificates awarded by such institution during the
21 preceding academic year bears to the total num-
22 ber of degrees or certificates at all eligible insti-
23 tutions.

24 “(C) MINIMUM GRANT.—Notwithstanding

25 subparagraphs (A) and (B), the amount allot-

1 ted to each institution under this section shall
2 not be less than \$400,000.

3 “(4) SPECIAL RULES.—

4 “(A) CONCURRENT FUNDING.—For the
5 purposes of this part, no Tribal College or Uni-
6 versity that is eligible for and receives funds
7 under this section shall concurrently receive
8 funds under other provisions of this part or
9 part B.

10 “(B) EXEMPTION.—Section 313(d) shall
11 not apply to institutions that are eligible to re-
12 ceive funds under this section.”.

13 **SEC. 302. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING**
14 **INSTITUTIONS.**

15 (a) DISTANCE LEARNING.—Section 317(c)(2) (20
16 U.S.C. 1059d(c)(2)) is amended—

17 (1) by amending subparagraph (B) to read as
18 follows:

19 “(A) construction, maintenance, renova-
20 tion, and improvement in classrooms, libraries,
21 laboratories, and other instructional facilities,
22 including purchase or rental of telecommuni-
23 cations technology equipment or services, and
24 the acquisition of real property adjacent to the

1 campus of the institution on which to construct
2 such facilities;”;

3 (2) by striking “and” at the end of subpara-
4 graph (G);

5 (3) by striking the period at the end of sub-
6 paragraph (H) and inserting “; and”; and

7 (4) by inserting after subparagraph (H) the fol-
8 lowing new subparagraph:

9 “(I) development or improvement of facili-
10 ties for Internet use or other distance learning
11 academic instruction capabilities.”.

12 (b) ENDOWMENT FUNDS.—Section 317(c) is further
13 amended by adding at the end the following new para-
14 graph:

15 “(3) ENDOWMENT FUNDS.—

16 “(A) IN GENERAL.—An Alaska Native or
17 Native Hawaiian-serving institution may use
18 not more than 20 percent of the grant funds
19 provided under this section to establish or in-
20 crease an endowment fund at the institution.

21 “(B) MATCHING REQUIREMENT.—In order
22 to be eligible to use grant funds in accordance
23 with subparagraph (A), the institution shall
24 provide to the endowment fund from non-Fed-
25 eral funds an amount equal to the Federal

1 funds used in accordance with subparagraph
2 (A), for the establishment or increase of the en-
3 dowment fund.

4 “(C) APPLICABILITY OF OTHER PROVI-
5 SIONS.—The provisions of part C regarding the
6 establishment or increase of an endowment
7 fund, that the Secretary determines are not in-
8 consistent with this paragraph, shall apply to
9 funds used under subparagraph (A).”.

10 (c) APPLICATION PROCESS.—Section 317(d) is
11 amended—

12 (1) by adding at the end of paragraph (1) the
13 following new sentences: “Each Alaska Native-serv-
14 ing institution and Native Hawaiian-serving institu-
15 tion shall develop a 5-year plan for improving the as-
16 sistance provided to Alaska Native or Native Hawai-
17 ian students. Such plan shall not be subject to ap-
18 proval by the Secretary.”; and

19 (2) in paragraph (2)—

20 (A) by redesignating subparagraph (B) as
21 subparagraph (C); and

22 (B) by striking subparagraph (A) and in-
23 serting the following:

1 “(A) an assurance that the institution has
2 developed a 5-year plan for serving Alaska Na-
3 tive or Native Hawaiian students;

4 “(B) a list of activities and other informa-
5 tion that are consistent with the institution’s 5-
6 year plan; and”.

7 **SEC. 303. GRANTS TO PART B INSTITUTIONS.**

8 (a) USE OF FUNDS.—

9 (1) FACILITIES AND EQUIPMENT.—

10 (A) UNDERGRADUATE INSTITUTIONS.—

11 Paragraph (2) of section 323(a) (20 U.S.C.
12 1062(a)) is amended to read as follows:

13 “(2) Construction, maintenance, renovation,
14 and improvement in classrooms, libraries, labora-
15 tories, and other instructional facilities, including
16 purchase or rental of telecommunications technology
17 equipment or services, and the acquisition of real
18 property adjacent to the campus of the institution
19 on which to construct such facilities.”.

20 (B) GRADUATE AND PROFESSIONAL

21 SCHOOLS.—Paragraph (2) of section 326(c) is
22 amended to read as follows:

23 “(2) construction, maintenance, renovation, and
24 improvement in classrooms, libraries, laboratories,
25 and other instructional facilities, including purchase

1 or rental of telecommunications technology equip-
2 ment or services, and the acquisition of real property
3 adjacent to the campus of the institution on which
4 to construct such facilities;”.

5 (2) OUTREACH AND COLLABORATION.—Para-
6 graph (11) of section 323(a) is amended to read as
7 follows:

8 “(11) Establishing community outreach pro-
9 grams and collaborative partnerships between part B
10 institutions and local elementary or secondary
11 schools. Such partnerships may include mentoring,
12 tutoring, or other instructional opportunities that
13 will boost student academic achievement and assist
14 elementary and secondary school students in devel-
15 oping the academic skills and the interest to pursue
16 postsecondary education.”.

17 (b) TECHNICAL ASSISTANCE.—Section 323 (20
18 U.S.C. 1062) is amended—

19 (1) by redesignating subsection (c) as sub-
20 section (d); and

21 (2) by inserting after subsection (b) the fol-
22 lowing new subsection:

23 “(c) TECHNICAL ASSISTANCE.—

24 “(1) IN GENERAL.—An institution may not use
25 more than 2 percent of the grant funds provided

1 under this part to secure technical assistance serv-
2 ices.

3 “(2) TECHNICAL ASSISTANCE SERVICES.—
4 Technical assistance services may include assistance
5 with enrollment management, financial management,
6 and strategic planning.

7 “(3) REPORT.—The institution shall report to
8 the Secretary on an annual basis, in such form as
9 the Secretary requires, on the use of funds under
10 this subsection.”.

11 (c) DISTANCE LEARNING.—Section 323(a)(2) (20
12 U.S.C. 1062(a)(2)) is amended by inserting “development
13 or improvement of facilities for Internet use or other dis-
14 tance learning academic instruction capabilities and” after
15 “including”.

16 (d) MINIMUM GRANTS.—Section 324(d)(1) (20
17 U.S.C. 1063(d)(1)) is amended by inserting before the pe-
18 riod at the end the following: “, except that, if the amount
19 appropriated to carry out this part for any fiscal year ex-
20 ceeds the amount required to provide to each institution
21 an amount equal to the total amount received by such in-
22 stitution under subsections (a), (b), and (c) for the pre-
23 ceding fiscal year, then the amount of such excess appro-
24 priation shall first be applied to increase the minimum al-
25 lotment under this subsection to \$750,000”.

1 (e) ELIGIBLE GRADUATE OR PROFESSIONAL
2 SCHOOLS.—

3 (1) GENERAL AUTHORITY.—Section 326(a)(1)
4 (20 U.S.C. 1063b(a)(1)) is amended—

5 (A) by inserting “(A)” after “subsection
6 (e) that”;

7 (B) by inserting before the period at the
8 end the following: “, (B) is accredited by a na-
9 tionally recognized accrediting agency or asso-
10 ciation determined by the Secretary to be a reli-
11 able authority as to the quality of training of-
12 fered, and (C) according to such an agency or
13 association, is in good standing”.

14 (2) ELIGIBLE INSTITUTIONS.—Section
15 326(e)(1) (20 U.S.C. 1063b(e)(1)) is amended—

16 (A) by striking “and” at the end of sub-
17 paragraph (Q);

18 (B) by striking the period at the end of
19 subparagraph (R) and inserting a semicolon;
20 and

21 (C) by adding at the end the following new
22 subparagraphs:

23 “(S) Alabama State University qualified
24 graduate program;

1 “(T) Prairie View A&M University quali-
2 fied graduate program; and

3 “(U) Coppin State University qualified
4 graduate program.”.

5 (3) CONFORMING AMENDMENT.—Section
6 326(e)(3) (20 U.S.C. 1063b(e)(3)) is amended—

7 (A) by striking “1998” and inserting
8 “2004”; and

9 (B) by striking “(Q) and (R)” and insert-
10 ing “(S), (T), and (U)”.

11 (f) PROFESSIONAL OR GRADUATE INSTITUTIONS.—
12 Section 326(f) (20 U.S.C. 1063b(f)) is amended—

13 (1) in paragraph (1)—

14 (A) by striking “\$26,600,000” and insert-
15 ing “\$55,500,000”; and

16 (B) by striking “(P)” and inserting “(R)”;

17 (2) in paragraph (2)—

18 (A) by striking “\$26,600,000 but not in
19 excess of \$28,600,000” and inserting
20 “\$55,500,000, but not in excess of
21 \$58,500,000”; and

22 (B) by striking “subparagraphs (Q) and
23 (R)” and inserting “subparagraphs (S), (T),
24 and (U)”;

25 (3) in paragraph (3)—

1 (A) by striking “\$28,600,000” and insert-
2 ing “\$58,500,000”; and

3 (B) by striking “(R)” and inserting “(U)”.

4 (g) HOLD HARMLESS.—Section 326(g) (20 U.S.C.
5 1063b(g)) is amended by striking “1998” and inserting
6 “2004”.

7 **SEC. 304. TECHNICAL AMENDMENTS.**

8 (a) AMENDMENTS.—Title III is further amended—

9 (1) in section 311(c) (20 U.S.C. 1057(c))—

10 (A) by redesignating paragraphs (7)
11 through (12) as paragraphs (8) through (13),
12 respectively; and

13 (B) by inserting after paragraph (6) the
14 following:

15 “(7) Education or counseling services designed
16 to improve the financial literacy and economic lit-
17 eracy of students and, as appropriate, their par-
18 ents.”;

19 (2) in section 312(b)(1)(F) (20 U.S.C.
20 1058(b)(1)(F)), by inserting “which is” before “lo-
21 cated”;

22 (3) in section 312(b)(1) (20 U.S.C.
23 1058(b)(1)), by redesignating subparagraphs (E)
24 and (F) as subparagraphs (F) and (G), respectively,

1 and by inserting after subparagraph (D) the fol-
2 lowing new subparagraph:

3 “(E) which provides a program that is not
4 less than a 2-year educational program that is
5 acceptable for full credit toward a bachelor’s de-
6 gree;”;

7 (4) in section 316(b)(3) (20 U.S.C.
8 1059c(b)(3)), by striking “give” and inserting
9 “given”;

10 (5) in section 316(c)(2) (20 U.S.C.
11 1059c(c)(2))—

12 (A) by redesignating subparagraphs (G)
13 through (M) (as redesignated by section
14 301(b)(2) of this Act) as subparagraphs (H)
15 through (N), respectively;

16 (B) by inserting after subparagraph (F)
17 the following:

18 “(G) education or counseling services de-
19 signed to improve the financial literacy and eco-
20 nomic literacy of students and, as appropriate,
21 their parents;” and

22 (C) in subparagraph (N), as redesignated
23 by subparagraph (A), by striking “subpara-
24 graphs (A) through (K)” and inserting “sub-
25 paragraphs (A) through (M)”;

1 (6) in section 317(c)(2) (20 U.S.C.
2 1059d(c)(2))—

3 (A) in subparagraph (G), by striking
4 “and” after the semicolon;

5 (B) in subparagraph (H), by striking the
6 period at the end and inserting “; and”; and

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

8 “(I) education or counseling services de-
9 signed to improve the financial literacy and eco-
10 nomic literacy of students and, as appropriate,
11 their parents.”;

12 (7) in section 323(a) (20 U.S.C. 1062(a))—

13 (A) by striking “section 360(a)(2)” and in-
14 serting “399(a)(2)”;

15 (B) by redesignating paragraphs (7)
16 through (12) as paragraphs (8) through (13),
17 respectively; and

18 (C) by inserting after paragraph (6) the
19 following:

20 “(7) Education or counseling services designed
21 to improve the financial literacy and economic lit-
22 eracy of students and, as appropriate, their par-
23 ents.”;

1 (8) in section 324(d)(2) (20 U.S.C.
2 1063(d)(2)), by striking “section 360(a)(2)(A)” and
3 inserting “section 399(a)(2)(A)”;

4 (9) in section 326(e)(1) (20 U.S.C.
5 1063b(e)(1)), in the matter preceding subparagraph
6 (A), by inserting a colon after “the following”;

7 (10) in section 327(b) (20 U.S.C. 1063c(b)), by
8 striking “initial”;

9 (11) in section 342(5)(C) (20 U.S.C.
10 1066a(5)(C))—

11 (A) by inserting a comma after “equip-
12 ment” the first place it appears; and

13 (B) by striking “technology,,” and insert-
14 ing “technology,”;

15 (12) in section 343(e) (20 U.S.C. 1066b(e)), by
16 inserting after the subsection designation the fol-
17 lowing: “SALE OF QUALIFIED BONDS.—”;

18 (13) in section 351(a) (20 U.S.C. 1067a(a)), by
19 striking “of 1979”; and

20 (14) in section 396 (20 U.S.C. 1068e), by strik-
21 ing “section 360” and inserting “section 399”.

22 (b) REPEAL.—Section 1024 (20 U.S.C. 1135b–3), as
23 transferred by section 301(a)(5) of the Higher Education
24 Amendments of 1998 (Public Law 105–244; 112 Stat.
25 1636), is repealed.

1 **SEC. 305. TITLE III AUTHORIZATIONS.**

2 Section 399(a) (20 U.S.C. 1068h(a)) is amended—

3 (1) by striking “1999” each place it appears
4 and inserting “2005”;

5 (2) by striking “4 succeeding fiscal years” each
6 place it appears and inserting “5 succeeding fiscal
7 years”;

8 (3) in paragraph (1)—

9 (A) by striking “\$10,000,000” in subpara-
10 graph (B) and inserting “\$23,800,000”; and

11 (B) by striking “\$5,000,000” in subpara-
12 graph (C) and inserting “\$11,000,000”;

13 (4) in paragraph (2)—

14 (A) by striking “\$135,000,000” in sub-
15 paragraph (A) and inserting “\$241,000,000”;

16 and

17 (B) by striking “\$35,000,000” in subpara-
18 graph (B) and inserting “\$59,000,000”; and

19 (5) in paragraph (4), by striking “\$110,000”
20 and inserting “\$212,000”.

21 **TITLE IV—STUDENT ASSISTANCE**

22 **PART A—GRANTS TO STUDENTS**

23 **SEC. 401. PELL GRANTS.**

24 (a) EXTENSION OF AUTHORITY.—Section 401(a) (20
25 U.S.C. 1070a(a)) is amended by striking “2004” and in-
26 serting “2011”.

1 (b) DIRECT PAYMENT.—Section 401(a) (20 U.S.C.
2 1070a(a)) is further amended—

3 (1) by striking paragraph (2); and

4 (2) by redesignating paragraph (3) as para-
5 graph (2).

6 (c) MAXIMUM GRANT EXTENSION.—Paragraph
7 (2)(A) of section 401(b) (20 U.S.C. 1070a(b)(2)(A)) is
8 amended to read as follows:

9 “(2)(A) The amount of the Federal Pell Grant for
10 a student eligible under this part shall be \$5,800 for aca-
11 demic years 2005–2006 through 2010–2011, less an
12 amount equal to the amount determined to be the expected
13 family contribution with respect to that student for that
14 year.”.

15 (d) TUITION SENSITIVITY.—Section 401(b) is further
16 amended—

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

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

20 (e) MULTIPLE GRANTS.—Paragraph (5) of section
21 401(b) (as redesignated by subsection (d)(2)) is amended
22 to read as follows:

23 “(5) YEAR-ROUND PELL GRANTS.—

24 “(A) IN GENERAL.—The Secretary shall,
25 for students enrolled full time in a bacca-

1 laureate degree program of study at an eligible
2 institution, award such students two Pell grants
3 during a single award year to permit such stu-
4 dents to accelerate progress toward their degree
5 objectives by enrolling in academic programs for
6 12 months rather than 9 months.

7 “(B) LIMITATION.—The Secretary shall
8 limit the awarding of additional Pell grants
9 under this paragraph in a single award year to
10 students attending baccalaureate degree grant-
11 ing institutions that have a graduation rate as
12 reported by the Integrated Postsecondary Edu-
13 cation Data System for the 4 preceding aca-
14 demic years of at least 30 percent.

15 “(C) EVALUATION.—The Secretary shall
16 conduct an evaluation of the program under
17 this paragraph and submit to the Congress an
18 evaluation report no later than October 1,
19 2010.

20 “(D) REGULATIONS REQUIRED.—The Sec-
21 retary shall promulgate regulations imple-
22 menting this paragraph.”.

23 (f) ELIGIBILITY PERIOD.—Section 401(c)(2) (20
24 U.S.C. 1070a(c)(2)) is amended by inserting “, for not

1 more than one academic year,” after “which are deter-
2 mined by the institution” in the first sentence.

3 (g) PELL GRANTS PLUS: ACHIEVEMENT GRANTS
4 FOR STATE SCHOLARS PROGRAM.—

5 (1) AMENDMENT.—Subpart 1 of part A of title
6 IV is amended by inserting after section 401 (20
7 U.S.C. 1070a) the following new section:

8 **“SEC. 401A. PELL GRANTS PLUS: ACHIEVEMENT GRANTS**
9 **FOR STATE SCHOLARS.**

10 “(a) GRANTS AUTHORIZED.—From sums appro-
11 priated to carry out section 401, the Secretary shall estab-
12 lish a program to award Pell Grants Plus to students
13 who—

14 “(1) have successfully completed a rigorous
15 high school program of study established by a State
16 or local educational agency in consultation with a
17 State coalition assisted by the Center for State
18 Scholars;

19 “(2) are enrolled full-time in the first academic
20 year of undergraduate education, and have not been
21 previously enrolled in a program of undergraduate
22 education; and

23 “(3) are eligible to receive Federal Pell Grants
24 for the year in which the grant is awarded.

25 “(b) AMOUNT OF GRANTS.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), the amount of the grant awarded under
3 this section shall be \$1,000.

4 “(2) ASSISTANCE NOT TO EXCEED COST OF AT-
5 TENDANCE.—A grant awarded under this section to
6 any student, in combination with the Federal Pell
7 Grant assistance and other student financial assist-
8 ance available to such student, may not exceed the
9 student’s cost of attendance.

10 “(c) SELECTION OF RECIPIENTS.—

11 “(1) PROCEDURES ESTABLISHED BY REGULA-
12 TION.—The Secretary shall establish by regulation
13 procedures for the determination of eligibility of stu-
14 dents for the grants awarded under this section.
15 Such procedures shall include measures to ensure
16 that eligibility is determined in a timely and accu-
17 rate manner consistent with the requirements of sec-
18 tion 482 and the submission of the financial aid
19 form required by section 483.

20 “(2) REQUIRED INFORMATION.—Each eligible
21 student desiring an award under this section shall
22 submit at such time and in such manner such infor-
23 mation as the Secretary may reasonably require.

24 “(3) CONTINUATION OF GRANT REQUIRE-
25 MENTS.—In order for a student to continue to be el-

1 eligible to receive an award under this section for the
2 second year of undergraduate education, the eligible
3 student must—

4 “(A) maintain eligibility to receive a Fed-
5 eral Pell Grant for that year;

6 “(B) obtain a grade point average of at
7 least 3.0 (or the equivalent as determined under
8 regulations prescribed by the Secretary) for the
9 first year of undergraduate education; and

10 “(C) be enrolled full-time and fulfill the re-
11 quirements for satisfactory progress described
12 in section 484(c).

13 “(d) **EVALUATION, AND REPORTS.**—The Secretary
14 shall monitor the progress, retention, and completion rates
15 of the students to whom awards are provided under this
16 section. In doing so, the Secretary shall evaluate the im-
17 pact of the Pell Grants Plus Program and report, not less
18 than biennially, to the authorizing committees of the
19 House of Representatives and the Senate.”.

20 (2) **CONFORMING AMENDMENT.**—Chapter 3 of
21 subpart 2 of part A of title IV (20 U.S.C. 1070a–
22 31 through 1070a–35) is repealed.

23 **SEC. 402. TRIO PROGRAMS.**

24 (a) **DURATION OF GRANTS.**—

1 (1) AMENDMENT.—Section 402A(b)(2) (20
2 U.S.C. 1070a–11(b)(2)) is amended to read as fol-
3 lows:

4 “(2) DURATION.—Grants or contracts awarded
5 under this chapter shall be awarded for a period of
6 5 years, except that—

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

9 “(B) grants under section 402H shall be
10 awarded for a period determined by the Sec-
11 retary.”.

12 (2) TRANSITION TO SYNCHRONOUS GRANT PE-
13 RIODS.—Notwithstanding section 402A(b)(2) of the
14 Higher Education Act of 1965 (as in effect both
15 prior to and after the amendment made by para-
16 graph (1) of this subsection), the Secretary of Edu-
17 cation may continue an award made before the date
18 of enactment of this Act under section 402B, 402C,
19 402D, 402E, or 402F of such Act as necessary to
20 permit all the awards made under such a section to
21 expire at the end of the same fiscal year, and there-
22 after to expire at the end of 5 years as provided in
23 the amendment made by paragraph (1) of this sub-
24 section.

1 (b) MINIMUM GRANTS.—Section 402A(b)(3) (20
2 U.S.C. 1070a–11(b)(3)) is amended to read as follows:

3 “(3) MINIMUM GRANTS.—Unless the institution
4 or agency requests a smaller amount, individual
5 grants for programs authorized under this chapter
6 shall be no less than \$200,000, except that indi-
7 vidual grants for programs authorized under section
8 402G shall be no less than \$170,000.”.

9 (c) PRIOR EXPERIENCE; NOVICE APPLICANTS.—Sec-
10 tion 402A(c)(2) (20 U.S.C. 1070a–11(c)(2)) is amend-
11 ed—

12 (1) by striking “In making grants” and insert-
13 ing “(A) Subject to subparagraph (B), in making
14 grants”; and

15 (2) by adding at the end the following new sub-
16 paragraph:

17 “(B) From the amount available under sub-
18 section (f) for a program under this chapter (other
19 than a program under section 402G or 402H) for
20 any fiscal year in which the Secretary conducts a
21 competition for the award of grants or contracts
22 under such program, the Secretary shall reserve 10
23 percent of such available amount for purposes of
24 funding applications from novice applicants. If the
25 Secretary determines that there are an insufficient

1 number of qualified novice applicants to utilize the
2 amount so reserved, the Secretary shall restore the
3 unutilized remainder of the amount reserved for use
4 by applicants qualifying under subparagraph (A).”.

5 (d) APPLICATION STATUS.—Section 402A(c) (20
6 U.S.C. 1070a–11(c)) is amended by striking paragraph
7 (7).

8 (e) DOCUMENTATION OF STATUS.—Section 402A(e)
9 (20 U.S.C. 1070a–11(e)) is amended by striking “(g)(2)”
10 each place it appears in paragraphs (1) and (2) and insert-
11 ing “(g)(4)”.

12 (f) AUTHORIZATION OF APPROPRIATIONS.—Section
13 402A(f) (20 U.S.C. 1070a–11(f)) is amended by striking
14 “\$700,000,000 for fiscal year 1999, and such sums as
15 may be necessary for each of the 4 succeeding fiscal years”
16 and inserting “\$835,000,000 for fiscal year 2005 and
17 such sums as may be necessary for each of the 5 suc-
18 ceeding fiscal years”.

19 (g) DEFINITION.—Section 402A(g) (20 U.S.C.
20 1070a–11(g)) is amended—

21 (1) in paragraph (3), by striking “by reason of
22 such individual’s age”;

23 (2) by redesignating paragraphs (1) through
24 (4) as paragraphs (3) through (6), respectively; and

1 (3) by inserting before paragraph (3), as redesi-
2 gnated, the following:

3 “(1) DIFFERENT CAMPUS.—The term ‘different
4 campus’ means an institutional site that—

5 “(A) is geographically apart from the main
6 campus of the institution;

7 “(B) is permanent in nature; and

8 “(C) offers courses in educational pro-
9 grams leading to a degree, certificate, or other
10 recognized educational credential.

11 “(2) DIFFERENT POPULATION.—The term ‘dif-
12 ferent population’ means a group of individuals, with
13 respect to whom an entity seeks to serve through an
14 application for funding under this chapter, that—

15 “(A) is separate and distinct from any
16 other population that the entity seeks to serve
17 through an application for funding under this
18 chapter; or

19 “(B) while sharing some of the same needs
20 as another population that the entity seeks to
21 serve through an application for funding under
22 this chapter, has distinct needs for specialized
23 services.”.

1 (h) EDUCATION AND COUNSELING SERVICES.—
2 Chapter 1 of subpart 2 of part A of title IV is further
3 amended—

4 (1) in section 402B(b) (20 U.S.C. 1070a–
5 12(b))—

6 (A) by redesignating paragraphs (3)
7 through (10) as paragraphs (4) through (11),
8 respectively;

9 (B) by inserting after paragraph (2) the
10 following:

11 “(3) education or counseling services designed
12 to improve the financial literacy and economic lit-
13 eracy of students and, as appropriate, their par-
14 ents;” and

15 (C) in paragraph (11), as redesignated by
16 subparagraph (A), by striking “paragraphs (1)
17 through (9)” and inserting “paragraphs (1)
18 through (10)”.

19 (2) in section 402C (20 U.S.C. 1070a–13)—

20 (A) in subsection (b)—

21 (i) by redesignating paragraphs (2)
22 through (12) as paragraphs (3) through
23 (13), respectively;

24 (ii) by inserting after paragraph (1)
25 the following:

1 “(2) education or counseling services designed
2 to improve the financial literacy and economic lit-
3 eracy of students and, as appropriate, their par-
4 ents;” and

5 (iii) in paragraph (13), as redesign-
6 nated by clause (i), by striking “para-
7 graphs (1) through (11)” and inserting
8 “paragraphs (1) through (12)” and

9 (B) in subsection (e), by striking “sub-
10 section (b)(10)” and inserting “subsection
11 (b)(11)”;

12 (3) in section 402D(b) (20 U.S.C. 1070a-
13 14(b))—

14 (A) by redesignating paragraphs (2)
15 through (10) as paragraphs (3) through (11),
16 respectively;

17 (B) by inserting after paragraph (1) the
18 following:

19 “(2) education or counseling services designed
20 to improve the financial literacy and economic lit-
21 eracy of students and, as appropriate, their par-
22 ents;” and

23 (C) in paragraph (11), as redesignated by
24 subparagraph (A), by striking “paragraphs (1)

1 through (9)” and inserting “paragraphs (1)
2 through (10)”;

3 (4) in section 402E(b) (20 U.S.C. 1070a–
4 15(b))—

5 (A) by redesignating paragraphs (7) and
6 (8) as paragraphs (8) and (9), respectively; and

7 (B) by inserting after paragraph (6) the
8 following:

9 “(7) education or counseling services designed
10 to improve the financial literacy and economic lit-
11 eracy of students and, as appropriate, their par-
12 ents;”;

13 (5) in section 402F(b) (20 U.S.C. 1070a–
14 16(b)) —

15 (A) by redesignating paragraphs (4)
16 through (10) as paragraphs (5) through (11),
17 respectively;

18 (B) by inserting after paragraph (3) the
19 following:

20 “(4) education or counseling services designed
21 to improve the financial literacy and economic lit-
22 eracy of students and, as appropriate, their par-
23 ents;”;

24 (C) in paragraph (11), as redesignated by
25 subparagraph (A), by striking “paragraphs (1)

1 through (9)” and inserting “paragraphs (1)
2 through (10)”.

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

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

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

8 (j) STUDENT SUPPORT SERVICES.—Section
9 402D(d)(6) (20 U.S.C. 1070a–14(d)(6)) is amended—

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

12 (2) by striking the period at the end of sub-
13 paragraph (B) and inserting “; and”; and

14 (3) by inserting after subparagraph (B) the fol-
15 lowing new subparagraph:

16 “(C) working with other entities that serve
17 low-income working adults to increase access to
18 and successful progress in postsecondary edu-
19 cation by low-income working adults seeking
20 their first postsecondary degree or certificate.”.

21 (k) POSTBACCALAUREATE ACHIEVEMENT MAXIMUM
22 STIPENDS.—Section 402E(e)(1) (20 U.S.C. 1070a–
23 15(e)(1)) is amended by striking “\$2,800” and inserting
24 “\$5,000”.

1 (l) EDUCATIONAL OPPORTUNITY CENTERS: APPLICA-
2 TION APPROVAL.—Section 402F(c) (20 U.S.C. 1070a-
3 16(c)) is amended—

4 (1) by striking “and” at the end of paragraph
5 (2);

6 (2) by striking the period at the end of para-
7 graph (3) and inserting “; and”; and

8 (3) by inserting after paragraph (3) the fol-
9 lowing new paragraph:

10 “(4) consider the extent to which the proposed
11 project would provide services to low-income working
12 adults in the region to be served, in order to in-
13 crease access to postsecondary education by low-in-
14 come working adults.”.

15 **SEC. 403. GEARUP.**

16 (a) DURATION OF AWARDS.—Section 404A(b) (20
17 U.S.C. 1070a-21(b)) is amended—

18 (1) in paragraph (2)(B), by striking “Higher
19 Education Amendments of 1998” and inserting
20 “College Access and Opportunity Act of 2004”; and

21 (2) by adding at the end thereof the following
22 new paragraph:

23 “(3) DURATION.—An award made by the Sec-
24 retary under this chapter to an eligible entity de-

1 scribed in paragraph (1) or (2) of subsection (c)
2 shall be for the period of 6 years.”.

3 (b) CONTINUING ELIGIBILITY.—Section 404A (20
4 U.S.C. 1070a–21) is amended by adding at the end the
5 following new subsection:

6 “(d) CONTINUING ELIGIBILITY.—An eligible entity
7 shall not cease to be an eligible entity upon the expiration
8 of any grant under this chapter (including a continuation
9 award).”.

10 (c) CONTINUITY OF SERVICE.—

11 (1) COHORT APPROACH.—Section
12 404B(g)(1)(B) (20 U.S.C. 1070a–22(g)(1)(B)) is
13 amended by inserting “and provide the option of
14 continued services through the student’s first year of
15 attendance at an eligible institution of higher edu-
16 cation” after “grade level”.

17 (2) EARLY INTERVENTION.—Section 404D (20
18 U.S.C. 1070a–24) is amended—

19 (A) in subsection (b)(2)(A), by inserting
20 “and students in the first year of attendance at
21 an eligible institution of higher education” after
22 “grade 12”; and

23 (B) in subsection (c), by inserting “and
24 may consider students in their first year of at-

1 tendance at an eligible institution who is eligi-
2 ble” after “grade 12”.

3 (d) COORDINATION.—Section 404C(a)(2) (20 U.S.C.
4 1070a–23(a)(2)) is amended—

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

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

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

11 “(B) describe activities for coordinating,
12 complementing, and enhancing services under
13 this chapter provided by other eligible entities
14 in the State; and”.

15 (e) EDUCATION AND COUNSELING SERVICES.—Sec-
16 tion 404D(b)(2)(A)(ii) (20 U.S.C. 1070a–24(b)(2)(A)(ii))
17 is amended by striking “and academic counseling” and in-
18 serting “academic counseling, and financial literacy and
19 economic literacy education or counseling”.

20 (f) REAUTHORIZATION.—Section 404H (20 U.S.C.
21 1070a–28) is amended by striking “\$200,000,000 for fis-
22 cal year 1999 and such sums as may be necessary for each
23 of the 4 succeeding fiscal years” and inserting
24 “\$300,000,000 for fiscal year 2005 and such sums as may
25 be necessary for each of the 5 succeeding fiscal years”.

1 **SEC. 404. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPOR-**
2 **TUNITY GRANTS.**

3 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
4 413A(b)(1) (20 U.S.C. 1070b(b)(1)) is amended by strik-
5 ing “\$675,000,000 for fiscal year 1999 and such sums
6 as may be necessary for the 4 succeeding fiscal years” and
7 inserting “\$770,500,000 for fiscal year 2005 and such
8 sums as may be necessary for the 5 succeeding fiscal
9 years”.

10 (b) PHASEOUT OF ALLOCATION BASED ON PREVIOUS
11 ALLOCATIONS.—

12 (1) AMENDMENT.—Subsection (a) of section
13 413D (20 U.S.C. 1070b–3(a)) is amended to read as
14 follows:

15 “(a) ALLOCATION BASED ON PREVIOUS ALLOCA-
16 TION.—

17 “(1) BASE GUARANTEE.—From the amount ap-
18 propriated pursuant to section 413A(b) for each fis-
19 cal year after fiscal year 2006, the Secretary shall,
20 subject to paragraph (2), first allocate to each eligi-
21 ble institution an amount equal to the following per-
22 centage of the amount such institution received
23 under subsection (a) of this section for fiscal year
24 2006 (as such subsection was in effect with respect
25 to allocations for such fiscal year):

1 “(A) 80 percent for fiscal years 2007 and
2 2008;

3 “(B) 60 percent for fiscal years 2009 and
4 2010;

5 “(C) 40 percent for fiscal years 2011 and
6 2012;

7 “(D) 20 percent for fiscal years 2013 and
8 2014; and

9 “(E) 0 percent for fiscal year 2015 and
10 any succeeding fiscal year.

11 “(2) RATABLE REDUCTIONS FOR INSUFFICIENT
12 APPROPRIATIONS.—

13 “(A) REDUCTION OF BASE GUARANTEE.—

14 If the amount appropriated for any fiscal year
15 is less than the amount required to be allocated
16 to all institutions under this subsection, then
17 the amount of the allocation to each such insti-
18 tution shall be ratably reduced.

19 “(B) ADDITIONAL APPROPRIATIONS ALLO-

20 CATION.—If additional amounts are appro-
21 priated for any such fiscal year, such reduced
22 amounts shall be increased on the same basis as
23 they were reduced (until the amount allocated
24 equals the amount required to be allocated
25 under this subsection).

1 “(3) ADDITIONAL ALLOCATIONS FOR CERTAIN
2 INSTITUTIONS.—

3 “(A) ALLOCATIONS PERMITTED.—Notwith-
4 standing any other provision of this section, the
5 Secretary may allocate an amount equal to not
6 more than 10 percent of the amount by which
7 the amount appropriated in any fiscal year to
8 carry out this subpart exceeds \$700,000,000
9 among eligible institutions described in sub-
10 paragraph (B).

11 “(B) ELIGIBLE INSTITUTIONS.—For pur-
12 poses of subparagraph (A)—

13 “(i) an eligible institution that is a 4-
14 year institution may receive an allocation
15 under subparagraph (A) if more than 50
16 percent of the students who are degree-
17 seeking Pell Grant recipients attending
18 such institution graduate within 4 calendar
19 years of the first day of enrollment; and

20 “(ii) an eligible institution that is a 2-
21 year institution may receive an allocation
22 under subparagraph (A) if more than 50
23 percent of the students who are degree-
24 seeking Pell Grant recipients attending

1 such institution graduate within 2 calendar
2 years of the first day of enrollment.”.

3 (2) **EFFECTIVE DATE.**—The amendment made
4 by paragraph (1) shall apply with respect to any
5 amounts appropriated under section 413A(b) of the
6 Higher Education Act of 1965 (20 U.S.C. 1070b(b))
7 for fiscal year 2007 or any succeeding fiscal year.

8 (c) **BOOKS AND SUPPLIES.**—Section 413D(c)(3)(D)
9 (20 U.S.C. 1070–3(c)(3)(D)) is amended by striking
10 “\$450” and inserting “\$600”.

11 **SEC. 405. LEAP.**

12 Section 415A(b)(1) (20 U.S.C. 1070c(b)(1)) is
13 amended—

14 (1) by striking “1999” and inserting “2005”;
15 and

16 (2) by striking “4 succeeding” and inserting “5
17 succeeding”.

18 **SEC. 406. HEP/CAMP PROGRAM.**

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

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

22 (2) in subsection (b)(3)(B), by inserting “, in-
23 cluding preparation for college entrance exams,”
24 after “program”;

1 (3) in subsection (b)(8), by inserting “, includ-
2 ing child care and transportation” after “supportive
3 services”;

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

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

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

15 (6) in subsection (c)(1)(B), by striking clause
16 (i) and inserting the following:

17 “(i) personal, academic, career, and eco-
18 nomic education or personal finance counseling
19 as an ongoing part of the program;”;

20 (7) in subsection (c)(2)(B), by inserting “(in-
21 cluding mentoring and guidance of such students)”
22 after “services”;

23 (8) in subsection (c)(2), by striking “and” at
24 the end of subparagraph (A), by striking the period
25 at the end of subparagraph (B) and inserting “;

1 and”, and by adding at the end of subsection (e)(2)
2 the following new subparagraph:

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

8 (9) in subsection (h)—

9 (A) in paragraph (1), by striking
10 “\$15,000,000 for fiscal year 1999 and such
11 sums as may be necessary for each of the 4
12 succeeding fiscal years” and inserting
13 “\$24,000,000 for fiscal year 2005 and such
14 sums as may be necessary for each of the 5
15 succeeding fiscal years”; and

16 (B) in paragraph (2), by striking
17 “\$5,000,000 for fiscal year 1999 and such
18 sums as may be necessary for each of the 4
19 succeeding fiscal years” and inserting
20 “\$16,000,000 for fiscal year 2005 and such
21 sums as may be necessary for each of the 5
22 succeeding fiscal years”.

23 **SEC. 407. BYRD SCHOLARSHIP.**

24 Section 419K (20 U.S.C. 1070d–41) is amended—

1 (1) by striking “1999” and inserting “2005”;

2 and

3 (2) by striking “4 succeeding” and inserting “5

4 succeeding”.

5 **SEC. 408. CHILD CARE ACCESS.**

6 Section 419N(g) (20 U.S.C. 1070e(g)) is amended—

7 (1) by striking “1999” and inserting “2005”;

8 and

9 (2) by striking “4 succeeding” and inserting “5

10 succeeding”.

11 **SEC. 409. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.**

12 (a) REPEAL.—Subpart 8 of part A of title IV (20

13 U.S.C. 1070f—1070f-6) is repealed.

14 (b) CONFORMING AMENDMENT.—Section 400(b) (20

15 U.S.C. 1070(b)) is amended by striking “through 8” and

16 inserting “through 7”.

17 **SEC. 410. TECHNICAL AMENDMENTS.**

18 Part A of title IV is further amended as follows:

19 (1) Section 419C(b)(1) (20 U.S.C. 1070d-

20 33(b)(1)) is amended by inserting “and” after the

21 semicolon at the end thereof.

22 (2) Section 419D(d) (20 U.S.C. 1070d-34(d))

23 is amended by striking “Public Law 95-1134” and

24 inserting “Public Law 95-134”.

1 **PART B—FEDERAL FAMILY EDUCATION LOAN**
2 **PROGRAM**

3 **SEC. 421. REAUTHORIZATION OF FEDERAL FAMILY EDU-**
4 **CATION LOAN PROGRAM.**

5 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
6 421(b)(5) (20 U.S.C. 1071(b)(5)) is amended by striking
7 “administrative cost allowance” and inserting “loan proc-
8 essing and issuance fee”.

9 (b) EXTENSION OF AUTHORITY.—

10 (1) FEDERAL INSURANCE LIMITATIONS.—Sec-
11 tion 424(a) (20 U.S.C. 1074(a)) is amended—

12 (A) by striking “2004” and inserting
13 “2011”; and

14 (B) by striking “2008” and inserting
15 “2015”.

16 (2) GUARANTEED LOANS.—Section 428(a)(5)
17 (20 U.S.C. 1078(a)(5)) is amended—

18 (A) by striking “2004” and inserting
19 “2011”; and

20 (B) by striking “2008” and inserting
21 “2015”.

22 (3) CONSOLIDATION LOANS.—Section 428C(e)
23 (20 U.S.C. 1078–3(e)) is amended by striking
24 “2004” and inserting “2011”.

1 **SEC. 422. LOAN LIMITS.**

2 (a) FEDERAL INSURANCE LIMITS.—Section
3 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

4 (1) in clause (i)(I), by striking “\$2,625” and
5 inserting “\$3,500”; and

6 (2) in clause (ii)(I), by striking “\$3,500” and
7 inserting “\$4,500”.

8 (b) GUARANTEE LIMITS.—Section 428(b)(1)(A) (20
9 U.S.C. 1078(b)(1)(A)) is amended—

10 (1) in clause (i)(I), by striking “\$2,625” and
11 inserting “\$3,500”; and

12 (2) in clause (ii)(I), by striking “\$3,500” and
13 inserting “\$4,500”.

14 (c) COUNTING OF CONSOLIDATION LOANS AGAINST
15 LIMITS.—Section 428C(a)(3)(B) (20 U.S.C. 1078–
16 3(a)(3)(B)) is amended by adding at the end the following
17 new clause:

18 “(ii) Loans made under this section shall, to
19 the extent used to discharge loans made under this
20 title, be counted against the applicable limitations on
21 aggregate indebtedness contained in sections
22 425(a)(2), 428(b)(1)(B), 428H(d), 455, and
23 464(a)(2)(B).”.

24 (d) EFFECTIVE DATE.—The amendments made by
25 this section shall apply with respect to any loan made, in-
26 sured, or guaranteed under part B or part D of title IV

1 of the Higher Education Act of 1965 for which the first
2 disbursement of principal is made on or after July 1,
3 2006.

4 **SEC. 423. INTEREST RATES AND SPECIAL ALLOWANCES.**

5 (a) FFEL INTEREST RATE.—Section 427A (20
6 U.S.C. 1077a(k)) is amended—

7 (1) in subsection (k)—

8 (A) by striking “, AND BEFORE JULY 1,
9 2006” in the heading of such subsection; and

10 (B) by striking “, and before July 1,
11 2006,” each place it appears other than para-
12 graph (4);

13 (2) by striking subsection (l); and

14 (3) by redesignating subsections (m) and (n) as
15 subsections (l) and (m), respectively.

16 (b) DIRECT LOAN INTEREST RATES.—Section
17 455(b) (20 U.S.C. 1087e(b)) is amended—

18 (1) in paragraph (6)—

19 (A) by striking “, AND BEFORE JULY 1,
20 2006” in the heading of such paragraph; and

21 (B) by striking “, and before July 1,
22 2006,” each place it appears other than sub-
23 paragraph (D);

24 (2) by striking paragraph (7); and

1 (3) by redesignating paragraphs (8) and (9) as
2 paragraphs (7) and (8), respectively.

3 (c) CONSOLIDATION LOANS.—

4 (1) FFEL CONSOLIDATION LOANS.—Section
5 427A(k) (20 U.S.C. 1077a(k)) is further amended—

6 (A) by redesignating paragraph (5) as
7 paragraph (6); and

8 (B) by inserting after paragraph (4) the
9 following new paragraph:

10 “(5) VARIABLE RATE FOR CONSOLIDATION
11 LOANS.—With respect to any consolidation loan
12 under section 428C for which the application is re-
13 ceived by an eligible lender on or after July 1, 2006,
14 the applicable rate of interest shall, during any 12-
15 month period beginning on July 1 and ending on
16 June 30, be determined on the preceding June 1
17 and be equal to—

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

21 “(B) 2.3 percent,

22 except that such rate shall not exceed 8.25 percent,
23 and the rate determined under paragraph (3) shall
24 apply in lieu of the rate determined under this para-
25 graph in the case of any such consolidation loan that

1 is used to repay loans each of which was made under
2 section 428B or was a Federal Direct PLUS Loan
3 (or both).”.

4 (2) DIRECT CONSOLIDATION LOANS.—Section
5 455(b)(6) (20 U.S.C. 1087e(b)(6)) is further
6 amended—

7 (A) by redesignating subparagraph (E) as
8 subparagraph (F); and

9 (B) by inserting after subparagraph (D)
10 the following new subparagraph:

11 “(E) VARIABLE RATE FOR CONSOLIDATION
12 LOANS.—With respect to any Federal Direct
13 Consolidation loan for which the application is
14 received on or after July 1, 2006, the applicable
15 rate of interest shall, during any 12-month pe-
16 riod beginning on July 1 and ending on June
17 30, be determined on the preceding June 1 and
18 be equal to—

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

22 “(ii) 2.3 percent,
23 except that such rate shall not exceed 8.25 per-
24 cent, and the rate determined under subpara-
25 graph (C) shall apply in lieu of the rate deter-

1 mined under this subparagraph in the case of
2 any such consolidation loan that is used to
3 repay loans each of which was made under sec-
4 tion 428B or was a Federal Direct PLUS Loan
5 (or both).”.

6 (d) CONSOLIDATION LOAN CONFORMING AMEND-
7 MENT.—Section 428C(c)(1)(A)(ii) (20 U.S.C. 1078-
8 3(c)(1)(A)(ii)) is amended by striking “section
9 427A(l)(3)” and inserting “section 427A(k)(5)”.

10 (e) CONFORMING AMENDMENTS FOR SPECIAL AL-
11 LOWANCES.—

12 (1) AMENDMENT.—Subparagraph (I) of section
13 438(b)(2) (20 U.S.C. 1087-1(b)(2)) is amended—

14 (A) by striking clause (ii) and inserting the
15 following:

16 “(ii) IN SCHOOL AND GRACE PE-
17 RIOD.—In the case of any loan for which
18 the first disbursement is made on or after
19 January 1, 2000, and for which the appli-
20 cable interest rate is described in section
21 427A(k)(2), clause (i)(III) of this subpara-
22 graph shall be applied by substituting
23 ‘1.74 percent’ for ‘2.34 percent’.”;

24 (B) in clause (iii)—

25 (i) by striking “or (l)(2)”; and

1 (ii) by striking “, subject to clause (v)
2 of this subparagraph”;

3 (C) in clause (iv)—

4 (i) by striking “or (l)(3)” and insert-
5 ing “or (k)(5)”; and

6 (ii) by striking “, subject to clause
7 (vi) of this subparagraph”; and

8 (D) by striking clauses (v), (vi), and (vii)
9 and inserting the following:

10 “(v) RECAPTURE OF EXCESS INTER-
11 EST.—

12 “(I) EXCESS CREDITED.—With
13 respect to a loan on which the applica-
14 ble interest rate is determined under
15 section 427A(k) and for which the
16 first disbursement of principal is
17 made on or after July 1, 2005, if the
18 applicable interest rate for any 3-
19 month period exceeds the special al-
20 lowance rate applicable to such loan
21 under this subparagraph for such pe-
22 riod, then an adjustment shall be
23 made by calculating the excess inter-
24 est in the amount computed under
25 subclause (II) of this clause, and by

1 crediting the excess interest to the
2 Government not less often than annu-
3 ally.

4 “(II) CALCULATION OF EX-
5 CESS.—The amount of any adjust-
6 ment of interest on a loan to be made
7 under this subsection for any quarter
8 shall be equal to—

9 “(aa) the applicable interest
10 rate minus the special allowance
11 rate determined under this sub-
12 paragraph; multiplied by

13 “(bb) the average daily prin-
14 cipal balance of the loan (not in-
15 cluding unearned interest added
16 to principal) during such cal-
17 endar quarter; divided by

18 “(cc) four.”.

19 (2) EFFECTIVE DATE.—The amendments made
20 by this subsection shall not apply with respect to
21 any special allowance payment made under section
22 438 of the Higher Education Act of 1965 (20 U.S.C
23 1087–1) before July 1, 2005.

1 (f) SPECIAL ALLOWANCE FOR LOANS FROM THE
2 PROCEEDS OF TAX EXEMPT ISSUES.—Section
3 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is amended—

4 (1) in clause (i), by striking “this division” and
5 inserting “this clause”;

6 (2) in clause (ii), by striking “division (i) of this
7 subparagraph” and inserting “clause (i) of this sub-
8 paragraph”;

9 (3) in clause (iv), by inserting “or refunded
10 after May 5, 2004,” after “October 1, 1993,”; and

11 (4) by adding at the end the following new
12 clause:

13 “(v) Notwithstanding clauses (i) and (ii), the
14 quarterly rate of the special allowance shall be the
15 rate determined under subparagraph (A), (E), (F),
16 (G), (H), or (I) of this paragraph, or paragraph (4),
17 as the case may be, for a holder of loans that—

18 “(I) were made or purchased with funds—

19 “(aa) obtained from the issuance of
20 obligations the income from which is ex-
21 cluded from gross income under the Inter-
22 nal Revenue Code of 1986 and which obli-
23 gations were originally issued before Octo-
24 ber 1, 1993; or

1 “(bb) obtained from collections or de-
2 fault reimbursements on, or interests or
3 other income pertaining to, eligible loans
4 made or purchased with funds described in
5 division (aa), or from income on the invest-
6 ment of such funds; and

7 “(II) were—

8 “(aa) financed by such an obligation
9 that has matured, or been retired or
10 defeased;

11 “(bb) refinanced after May 5, 2004,
12 with funds obtained from a source other
13 than funds described in subclause (I) of
14 this clause; or

15 “(cc) sold or transferred to any other
16 holder.”.

17 **SEC. 424. ADDITIONAL LOAN TERMS AND CONDITIONS.**

18 (a) DISBURSEMENT.—Section 428(b)(1)(N) (20
19 U.S.C. 1078(b)(1)(N)(ii)) is amended—

20 (1) by striking “or” at the end of clause (i);

21 and

22 (2) by striking clause (ii) and inserting the fol-
23 lowing:

24 “(ii) in the case of a student who is
25 studying outside the United States in a

1 program of study abroad that is approved
2 for credit by the home institution at which
3 such student is enrolled, are, at the re-
4 quest of the student, disbursed directly to
5 the student by the means described in
6 clause (i), unless such student requests
7 that the check be endorsed, or the funds
8 transfer authorized, pursuant to an au-
9 thorized power-of-attorney; or

10 “(iii) in the case of a student who is
11 studying outside the United States in a
12 program of study at an eligible foreign in-
13 stitution, are, at the request of the foreign
14 institution, disbursed directly to the stu-
15 dent by the means described in clause
16 (i).”.

17 (b) REPAYMENT PLANS.—

18 (1) FFEL LOANS.—Section 428(b)(9)(A) (20
19 U.S.C. 1078(b)(9)(A)) is amended—

20 (A) by inserting before the semicolon at
21 the end of clause (ii) the following: “, and the
22 Secretary may not restrict the proportions or
23 ratios by which such payments may be grad-
24 uated with the informed agreement of the bor-
25 rower”;

1 (B) by striking “and” at the end of clause
2 (iii);

3 (C) by redesignating clause (iv) as clause
4 (v); and

5 (D) by inserting after clause (iii) the fol-
6 lowing new clause:

7 “(iv) a delayed repayment plan under
8 which the borrower makes scheduled pay-
9 ments for not more than 2 years that are
10 annually not less than the amount of inter-
11 est due or \$300, whichever is greater, and
12 then makes payments in accordance with
13 clause (i), (ii), or (iii); and”.

14 (2) DIRECT LOANS.—Section 455(d)(1) (20
15 U.S.C. 1087e(d)(1)) is amended—

16 (A) by redesignating subparagraph (D) as
17 subparagraph (E); and

18 (B) by striking subparagraphs (A), (B),
19 and (C) and inserting the following:

20 “(A) a standard repayment plan, con-
21 sistent with subsection (a)(1) of this section
22 and with section 428(b)(9)(A)(i);

23 “(B) a graduated repayment plan, con-
24 sistent with section 428(b)(9)(A)(ii);

1 “(C) an extended repayment plan, con-
2 sistent with section 428(b)(9)(A)(iv), except
3 that the borrower shall annually repay a min-
4 imum amount determined by the Secretary in
5 accordance with section 428(b)(1)(L);

6 “(D) a delayed repayment plan under
7 which the borrower makes scheduled payments
8 for not more than 2 years that are annually not
9 less than the amount of interest due or \$300,
10 whichever is greater, and then makes payments
11 in accordance with subparagraph (A), (B), or
12 (C); and”.

13 (c) ORIGINATION FEES.—

14 (1) AMENDMENTS.—Paragraph (2) of section
15 438(c) (20 U.S.C. 1087–1(c)) is amended—

16 (A) by striking the designating and head-
17 ing of such paragraph and inserting the fol-
18 lowing:

19 “(2) AMOUNT OF ORIGINATION FEES.—

20 “(A) IN GENERAL.—”; and

21 (B) by adding at the end the following new
22 subparagraphs:

23 “(B) SUBSEQUENT REDUCTIONS.—Sub-
24 paragraph (A) shall be applied to loans made

1 under this part other than loans made under
2 sections 428C and 439(o)—

3 “(i) by substituting ‘2.0 percent’ for
4 ‘3.0 percent’ with respect to loans for
5 which the first disbursement of principal is
6 made on or after July 1, 2006, and before
7 July 1, 2008;

8 “(ii) by substituting ‘1.5 percent’ for
9 ‘3.0 percent’ with respect to loans for
10 which the first disbursement of principal is
11 made on or after July 1, 2008, and before
12 July 1, 2010; and

13 “(iii) by substituting ‘1.0 percent’ for
14 ‘3.0 percent’ with respect to loans for
15 which the first disbursement of principal is
16 made on or after July 1, 2010.”.

17 (2) CONFORMING AMENDMENT TO DIRECT
18 LOAN PROGRAM.—Subsection (c) of section 455 (20
19 U.S.C. 1087e(c)) is amended to read as follows:

20 “(c) LOAN FEE.—

21 “(1) IN GENERAL.—The Secretary shall charge
22 the borrower of a loan made under this part an
23 origination fee of 4.0 percent of the principal
24 amount of loan.

1 “(2) SUBSEQUENT REDUCTIONS.—Paragraph
2 (1) shall be applied to loans made under this part
3 other than consolidation loans and PLUS loans—

4 “(A) by substituting ‘2.0 percent’ for ‘4.0
5 percent’ with respect to loans for which the first
6 disbursement of principal is made on or after
7 July 1, 2006, and before July 1, 2008;

8 “(B) by substituting ‘1.5 percent’ for ‘4.0
9 percent’ with respect to loans for which the first
10 disbursement of principal is made on or after
11 July 1, 2008, and before July 1, 2010; and

12 “(C) by substituting ‘1.0 percent’ for ‘4.0
13 percent’ with respect to loans for which the first
14 disbursement of principal is made on or after
15 July 1, 2010.”.

16 **SEC. 425. CONSOLIDATION LOAN CHANGES.**

17 (a) AMENDMENTS.—Section 428C (20 U.S.C. 1078–
18 3) is amended—

19 (1) in subsection (a)(3), by striking subpara-
20 graph (C); and

21 (2) in subsection (b)(1)—

22 (A) by striking everything after “under
23 this section” the first place it appears in sub-
24 paragraph (A) and inserting the following: “and
25 that, if all the borrower’s loans under this part

1 are held by a single holder, the borrower has
2 notified such holder that the borrower is seek-
3 ing to obtain a consolidation loan under this
4 section;”;

5 (B) by striking “(i) which” and all that
6 follows through “and (ii)” in subparagraph (C);

7 (C) by striking “and” at the end of sub-
8 paragraph (E);

9 (D) by redesignating subparagraph (F) as
10 subparagraph (G); and

11 (E) by inserting after subparagraph (E)
12 the following new subparagraph:

13 “(F) that the lender of the consolidation
14 loan shall, upon application for such loan, pro-
15 vide the borrower with a clear and conspicuous
16 notice of at least the following information:

17 “(i) the effects of consolidation on
18 total interest to be paid, fees to be paid,
19 and length of repayment;

20 “(ii) the effects of consolidation on a
21 borrower’s underlying loan benefits, includ-
22 ing loan forgiveness, cancellation, and
23 deferment;

24 “(iii) the ability for the borrower to
25 prepay the loan, pay on a shorter schedule,

1 and to change repayment plans, and that
2 borrower benefit programs may vary
3 among different loan holders;

4 “(iv) the tax benefits for which bor-
5 rowers may be eligible;

6 “(v) the consequences of default; and

7 “(vi) that by making the application
8 the applicant is not obligated to agree to
9 take the consolidation loan; and”.

10 (b) EFFECTIVE DATE FOR SINGLE HOLDER AMEND-
11 MENT.—The amendment made by subsection (a)(2)(A)
12 shall apply with respect to any loan made under section
13 428C of the Higher Education Act of 1965 (20 U.S.C.
14 1078–3) for which the application is received by an eligible
15 lender on or after July 1, 2006.

16 (c) CONFORMING AMENDMENTS TO DIRECT LOAN
17 PROGRAM.—

18 (1) PARALLEL TERMS, CONDITIONS, BENEFITS,
19 AND AMOUNTS.—Section 455(a)(1) (20 U.S.C.
20 1087e(a)(1)) is amended by inserting “428C,” after
21 “428B,”.

22 (2) DISCLOSURE.—Section 455(g) (20 U.S.C.
23 1087e(g)) is amended by adding at the end the fol-
24 lowing new sentences: “The Secretary, upon applica-

1 tion for such a loan, shall comply with the require-
2 ments applicable to a lender under 428C(b)(1)(F).”

3 **SEC. 426. UNSUBSIDIZED STAFFORD LOANS.**

4 (a) AMENDMENT.—Section 428H(d)(2)(C) (20
5 U.S.C. 1078–8(d)(2)(C)) is amended by striking
6 “\$10,000” and inserting “\$12,000”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to loans for which the first dis-
9 bursement of principal is made on or after July 1, 2006.

10 **SEC. 427. TEACHER RECRUITMENT AND RETENTION.**

11 (a) INCREASED QUALIFIED LOAN AMOUNTS.—

12 (1) FFEL LOANS.—Section 428J(c) (20 U.S.C.
13 1078–10(c)) is amended by adding at the end the
14 following new paragraph:

15 “(3) INCREASED AMOUNTS FOR TEACHERS IN
16 MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION,
17 AND READING SPECIALISTS.—

18 “(A) SERVICE QUALIFYING FOR IN-
19 CREASED AMOUNTS.—Notwithstanding the
20 amount specified in paragraph (1), the aggre-
21 gate amount that the Secretary shall repay
22 under this section shall not be more than
23 \$17,500 in the case of—

24 “(i) a secondary school teacher—

1 “(I) who meets the requirements
2 of subsection (b), subject to subpara-
3 graph (D) of this paragraph; and

4 “(II) whose qualifying employ-
5 ment for purposes of such subsection
6 has been teaching mathematics or
7 science on a full-time basis;

8 “(ii) an elementary or secondary
9 school teacher—

10 “(I) who meets the requirements
11 of subsection (b), subject to subpara-
12 graph (D) of this paragraph;

13 “(II) whose qualifying employ-
14 ment for purposes of such subsection
15 has been as a special education teach-
16 er whose primary responsibility is to
17 provide special education to children
18 with disabilities (as those terms are
19 defined in section 602 of the Individ-
20 uals with Disabilities Act); and

21 “(III) who, as certified by the
22 chief administrative officer of the pub-
23 lic or nonprofit private elementary or
24 secondary school in which the bor-
25 rower is employed, is teaching chil-

1 dren with disabilities that correspond
2 with the borrower’s special education
3 training and has demonstrated knowl-
4 edge and teaching skills in the content
5 areas of the elementary or secondary
6 school curriculum that the borrower is
7 teaching; and

8 “(iii) an elementary or secondary
9 school teacher who primarily teaches read-
10 ing and—

11 “(I) who meets the requirements
12 of subsection (b), subject to subpara-
13 graph (D) of this paragraph;

14 “(II) who has obtained a sepa-
15 rate reading instruction credential
16 from the State in which the teacher is
17 employed; and

18 “(III) who is certified by the
19 chief administrative officer of the pub-
20 lic or nonprofit private elementary or
21 secondary school in which the bor-
22 rower is employed to teach reading—

23 “(aa) as being proficient in
24 teaching the essential compo-
25 nents of reading instruction as

1 defined in section 1208 of the El-
2 elementary and Secondary Edu-
3 cation Act of 1965; and

4 “(bb) as having such creden-
5 tial.

6 “(B) ACCELERATED PAYMENT.—Notwith-
7 standing the requirements of subsection (b)(1)
8 and paragraph (1) of this subsection that 5
9 consecutive complete years of service have been
10 completed prior to the receipt of loan forgive-
11 ness, in the case of service described in sub-
12 paragraph (A) of this paragraph, the Secretary
13 shall repay a portion of a borrower’s loan obli-
14 gation outstanding at the commencement of the
15 qualifying service under this subsection, not to
16 exceed a total of \$17,500, in the following in-
17 crements:

18 “(i) up to \$1,750, or 10 percent of
19 such outstanding loan obligation, which-
20 ever is less, at the completion of the second
21 year of such service;

22 “(ii) up to \$2,625, or 15 percent of
23 such outstanding loan obligation, which-
24 ever is less, at the completion of the third
25 year of such service;

1 “(iii) up to \$4,375, or 25 percent of
2 such outstanding loan obligation, which-
3 ever is less, at the completion of the fourth
4 year of such service; and

5 “(iv) up to \$8,750, or 50 percent of
6 such outstanding loan obligation, which-
7 ever is less, at the completion of the fifth
8 year of such service.

9 “(C) PROMISE TO COMPLETE SERVICE RE-
10 QUIRED FOR ACCELERATED PAYMENT.—Any
11 borrower who receives accelerated payment
12 under this paragraph shall enter into an agree-
13 ment to continue in the qualifying service for
14 not less than 5 consecutive complete school
15 years, or, upon a failure to complete such 5
16 years, to repay the United States, in accordance
17 with regulations prescribed by the Secretary,
18 the amount of the loans repaid by the Secretary
19 under this paragraph, together with interest
20 thereon and, to the extent required in such reg-
21 ulations, the reasonable costs of collection. Such
22 regulations may provide for waiver by the Sec-
23 retary of such repayment obligations upon proof
24 of economic hardship as specified in such regu-
25 lations.

1 “(D) HIGHER POVERTY ENROLLMENT RE-
2 QUIRED.—In order to qualify for an increased
3 repayment amount under this paragraph, sec-
4 tion 465(a)(2)(A) shall, for purposes of sub-
5 section (b)(1)(A) of this section, be applied by
6 substituting ‘40 percent of the total enrollment’
7 for ‘30 percent of the total enrollment’.”.

8 (2) DIRECT LOANS.—Section 460(c) (20 U.S.C.
9 1087j(c)) is amended by adding at the end the fol-
10 lowing new paragraph:

11 “(3) INCREASED AMOUNTS FOR TEACHERS IN
12 MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION,
13 AND READING SPECIALISTS.—

14 “(A) SERVICE QUALIFYING FOR IN-
15 CREASED AMOUNTS.—Notwithstanding the
16 amount specified in paragraph (1), the aggre-
17 gate amount that the Secretary shall repay
18 under this section shall not be more than
19 \$17,500 in the case of—

20 “(i) a secondary school teacher—

21 “(I) who meets the requirements
22 of subsection (b)(1), subject to sub-
23 paragraph (D) of this paragraph; and

24 “(II) whose qualifying employ-
25 ment for purposes of such subsection

1 has been teaching mathematics or
2 science on a full-time basis;

3 “(ii) an elementary or secondary
4 school teacher—

5 “(I) who meets the requirements
6 of subsection (b)(1), subject to sub-
7 paragraph (D) of this paragraph;

8 “(II) whose qualifying employ-
9 ment for purposes of such subsection
10 has been as a special education teach-
11 er whose primary responsibility is to
12 provide special education to children
13 with disabilities (as those terms are
14 defined in section 602 of the Individ-
15 uals with Disabilities Act); and

16 “(III) who, as certified by the
17 chief administrative officer of the pub-
18 lic or nonprofit private elementary or
19 secondary school in which the bor-
20 rower is employed, is teaching chil-
21 dren with disabilities that correspond
22 with the borrower’s special education
23 training and has demonstrated knowl-
24 edge and teaching skills in the content
25 areas of the elementary or secondary

1 school curriculum that the borrower is
2 teaching; and

3 “(iii) an elementary or secondary
4 school teacher who primarily teaches read-
5 ing and—

6 “(I) who meets the requirements
7 of subsection (b), subject to subpara-
8 graph (D) of this paragraph;

9 “(II) who has obtained a sepa-
10 rate reading instruction credential
11 from the State in which the teacher is
12 employed; and

13 “(III) who is certified by the
14 chief administrative officer of the pub-
15 lic or nonprofit private elementary or
16 secondary school in which the bor-
17 rower is employed to teach reading—

18 “(aa) as being proficient in
19 teaching the essential compo-
20 nents of reading instruction as
21 defined in section 1208 of the El-
22 elementary and Secondary Edu-
23 cation Act of 1965; and

24 “(bb) as having such creden-
25 tial.

1 “(B) ACCELERATED PAYMENT.—Notwith-
2 standing the requirements of subsection
3 (b)(1)(A) and paragraph (1) of this subsection
4 that 5 consecutive complete years of service
5 have been completed prior to the receipt of loan
6 forgiveness, in the case of service described in
7 subparagraph (A) of this paragraph, the Sec-
8 retary shall repay a portion of a borrower’s loan
9 obligation outstanding at the commencement of
10 the qualifying service under this subsection, not
11 to exceed a total of \$17,500, in the following in-
12 crements:

13 “(i) up to \$1,750, or 10 percent of
14 such outstanding loan obligation, which-
15 ever is less, at the completion of the second
16 year of such service;

17 “(ii) up to \$2,625, or 15 percent of
18 such outstanding loan obligation, which-
19 ever is less, at the completion of the third
20 year of such service;

21 “(iii) up to \$4,375, or 25 percent of
22 such outstanding loan obligation, which-
23 ever is less, at the completion of the fourth
24 year of such service; and

1 “(iv) up to \$8,750, or 50 percent of
2 such outstanding loan obligation, which-
3 ever is less, at the completion of the fifth
4 year of such service.

5 “(C) PROMISE TO COMPLETE SERVICE RE-
6 QUIRED FOR ACCELERATED PAYMENT.—Any
7 borrower who receives accelerated payment
8 under this paragraph shall enter into an agree-
9 ment to continue in the qualifying service for
10 not less than 5 consecutive complete school
11 years, or, upon a failure to complete such 5
12 years, to repay the United States, in accordance
13 with regulations prescribed by the Secretary,
14 the amount of the loans repaid by the Secretary
15 under this paragraph, together with interest
16 thereon and, to the extent required in such reg-
17 ulations, the reasonable costs of collection. Such
18 regulations may provide for waiver by the Sec-
19 retary of such repayment obligations upon proof
20 of economic hardship as specified in such regu-
21 lations.

22 “(D) HIGHER POVERTY ENROLLMENT RE-
23 QUIRED.—In order to qualify for an increased
24 repayment amount under this paragraph, sec-
25 tion 465(a)(2)(A) shall, for purposes of sub-

1 section (b)(1)(A)(i) of this section, be applied
2 by substituting ‘40 percent of the total enroll-
3 ment’ for ‘30 percent of the total enrollment’.”.

4 (b) IMPLEMENTING HIGHLY QUALIFIED TEACHER
5 REQUIREMENTS.—

6 (1) AMENDMENTS.—

7 (A) FFEL LOANS.—Section 428J(b)(1)
8 (20 U.S.C. 1078–10(b)(1)) is amended—

9 (i) by inserting “and” after the semi-
10 colon at the end of subparagraph (A); and

11 (ii) by striking subparagraphs (B) and
12 (C) and inserting the following:

13 “(B) if employed as an elementary or sec-
14 ondary school teacher, is highly qualified as de-
15 fined in section 9101(23) of the Elementary
16 Secondary Education Act of 1965; and”.

17 (B) DIRECT LOANS.—Section 460(b)(1)(A)
18 (20 U.S.C. 1087j(b)(1)(A)) is amended—

19 (i) by inserting “and” after the semi-
20 colon at the end of clause (i); and

21 (ii) by striking clauses (ii) and (iii)
22 and inserting the following:

23 “(ii) if employed as an elementary or
24 secondary school teacher, is highly quali-
25 fied as defined in section 9101(23) of the

1 Elementary Secondary Education Act of
2 1965; and”.

3 (2) TRANSITION RULE.—

4 (A) RULE.—The amendments made by
5 paragraph (1) of this subsection to sections
6 428J(b)(1) and 460(b)(1)(A) of the Higher
7 Education Act of 1965 shall not be applied to
8 disqualify any individual who, before the date of
9 enactment of this Act, commenced service that
10 met and continues to meet the requirements of
11 such sections as in effect before such date of
12 enactment.

13 (B) RULE NOT APPLICABLE TO INCREASED
14 QUALIFIED LOAN AMOUNTS.—Subparagraph
15 (A) of this paragraph shall not apply for pur-
16 poses of obtaining increased qualified loan
17 amounts under sections 428J(b)(3) and
18 460(b)(3) of the Higher Education Act of 1965
19 as added by subsection (a) of this section.

20 (c) INFORMATION ON BENEFITS TO RURAL SCHOOL
21 DISTRICTS.—The Secretary shall—

22 (1) notify local educational agencies eligible to
23 participate in the Small Rural Achievement Program
24 authorized under subpart 1 of part B of title VI of
25 the Elementary and Secondary Education Act of

1 1965 of the benefits available under the amendments
2 made by this section; and

3 (2) encourage such agencies to notify their
4 teachers of such benefits.

5 **SEC. 428. ADDITIONAL ADMINISTRATIVE PROVISIONS.**

6 (a) TREATMENT OF EXEMPT CLAIMS.—

7 (1) INSURANCE COVERAGE.—Section
8 428(b)(1)(G) (20 U.S.C. 1078(b)(1)(G)) is amended
9 by inserting before the semicolon at the end the fol-
10 lowing: “and 100 percent of the unpaid principal
11 amount of exempt claims as defined in subsection
12 (c)(1)(G)”.

13 (2) TREATMENT.—Section 428(c)(1) (20
14 U.S.C. 1078(c)(1)) is amended—

15 (A) by redesignating subparagraph (G) as
16 subparagraph (H), and moving such subpara-
17 graph 2 em spaces to the left; and

18 (B) by inserting after subparagraph (F)
19 the following new subparagraph:

20 “(G)(i) Notwithstanding any other provisions of
21 this section, in the case of exempt claims, the Sec-
22 retary shall apply the provisions of—

23 “(I) the fourth sentence of subparagraph
24 (A) by substituting ‘100 percent’ for ‘95 per-
25 cent’;

1 “(II) subparagraph (B)(i) by substituting
2 ‘100 percent’ for ‘85 percent’; and

3 “(III) subparagraph (B)(ii) by substituting
4 ‘100 percent’ for ‘75 percent’.

5 “(ii) For purposes of clause (i) of this subpara-
6 graph, the term ‘exempt claims’ means claims with
7 respect to loans for which it is determined that the
8 borrower (or the student on whose behalf a parent
9 has borrowed), without the lender’s or the institu-
10 tion’s knowledge at the time the loan was made, pro-
11 vided false or erroneous information or took actions
12 that caused the borrower or the student to be ineli-
13 gible for all or a portion of the loan or for interest
14 benefits thereon.”.

15 (b) DOCUMENTATION OF FORBEARANCE AGREE-
16 MENTS.—Section 428(c) (20 U.S.C. 1078(c)) is further
17 amended—

18 (1) in paragraph (3)(A)(i), by striking “in writ-
19 ing”; and

20 (2) by adding at the end the following new
21 paragraph:

22 “(10) DOCUMENTATION OF FORBEARANCE
23 AGREEMENTS.—For the purposes of paragraph (3),
24 the terms of forbearance agreed to by the parties
25 shall be documented by confirming the agreement of

1 the borrower by notice to the borrower from the
2 lender, and by recording the terms in the borrower’s
3 file.”.

4 (c) VOLUNTARY FLEXIBLE AGREEMENTS.—Section
5 428A (20 U.S.C. 1078–1) is amended—

6 (1) in subsection (a)(1)(B), by striking “unless
7 the Secretary” and all that follows through “des-
8 ignated guarantor”;

9 (2) by striking paragraph (2) of subsection (a);

10 (3) in paragraph (4)(B) of such subsection, by
11 striking “and any waivers provided to other guar-
12 anty agencies under paragraph (2)”;

13 (4) by redesignating paragraphs (3) and (4) of
14 subsection (a) as paragraphs (2) and (3), respec-
15 tively; and

16 (5) by striking paragraph (3) of subsection (c)
17 and inserting the following:

18 “(3) NOTICE TO INTERESTED PARTIES.—Once
19 the Secretary reaches a tentative agreement in prin-
20 ciple under this section, the Secretary shall publish
21 in the Federal Register a notice that invites inter-
22 ested parties to comment on the proposed agree-
23 ment. The notice shall state how to obtain a copy of
24 the tentative agreement in principle and shall give
25 interested parties no less than 30 days to provide

1 comments. The Secretary may consider such com-
2 ments prior to providing the notices pursuant to
3 paragraph (2).”.

4 (d) DEFAULT REDUCTION PROGRAM.—Section
5 428F(a)(1) (20 U.S.C. 1078–6(a)(1)) is amended—

6 (1) in subparagraph (A), by striking “consecu-
7 tive payments for 12 months” and inserting “9 pay-
8 ments made within 20 days of the due date during
9 10 consecutive months”; and

10 (2) by redesignating subparagraph (C) as sub-
11 paragraph (D); and

12 (3) by inserting after subparagraph (B) the fol-
13 lowing new subparagraph:

14 “(C)(i) A guaranty agency may charge and
15 retain collection costs in an amount not to ex-
16 ceed 18.5 percent of the outstanding principal
17 and interest at the time of sale of a loan reha-
18 bilitated under subparagraph (A).

19 “(ii) Notwithstanding clause (i), on and
20 after July 1, 2006, a guaranty agency that re-
21 habilitates a defaulted loan by making a con-
22 solidation loan to a borrower under section
23 428C(a)(3)(A)(ii)(III) may not charge and re-
24 tain collection costs in an amount in excess of

1 10 percent of the outstanding principal and in-
2 terest of the defaulted loans being consolidated.

3 “(iii) For any year beginning on or after
4 July 1, 2009, the total principal and interest of
5 loans that a guaranty agency rehabilitates by
6 making consolidation loans to borrowers under
7 such section shall not exceed 45 percent of the
8 total loans rehabilitated under subparagraph
9 (A).”.

10 (e) FINANCIAL AND ECONOMIC LITERACY.—

11 (1) DEFAULT REDUCTION PROGRAM.—Section
12 428F is further amended by adding at the end the
13 following:

14 “(c) FINANCIAL AND ECONOMIC LITERACY.—Where
15 appropriate, each program described under subsection (b)
16 shall include making available financial and economic edu-
17 cation materials for the borrower.”.

18 (2) PROGRAM ASSISTANCE FOR BORROWERS.—

19 Section 432(k)(1) (20 U.S.C. 1082(k)(1)) is amend-
20 ed by striking “and offering” and all that follows
21 through the period and inserting “, offering loan re-
22 payment matching provisions as part of employee
23 benefit packages, and providing employees with fi-
24 nancial and economic education and counseling.”.

1 (f) CREDIT BUREAU ORGANIZATION AGREE-
2 MENTS.—Section 430A(a) (20 U.S.C. 1080a(a)) is
3 amended by striking “agreements with credit bureau orga-
4 nizations” and inserting “an agreement with each national
5 credit bureau organization (as described in section 603(p)
6 of the Fair Credit Reporting Act)”.

7 (g) UNIFORM ADMINISTRATIVE AND CLAIMS PROCE-
8 DURE.—Section 432(l)(1)(H) (20 U.S.C. 1082(l)(1)(H))
9 is amended by inserting “and anticipated graduation
10 date” after “status change”.

11 (h) DEFAULT REDUCTION MANAGEMENT.—Section
12 432 is further amended—

13 (1) by striking subsection (n); and

14 (2) by redesignating subsections (o) and (p) as
15 subsections (n) and (o), respectively.

16 (i) SCHOOL AS LENDER.—Section 435(d)(2) (20
17 U.S.C. 1085(d)(2)) is amended by striking subparagraphs
18 (C) through (F) and the material following subparagraph
19 (F) and inserting the following:

20 “(C) shall not make a loan, other than a
21 loan made under section 428 or 428H to a
22 graduate or professional student, unless the
23 borrower has previously received a loan from
24 the school, and shall not make a loan to a bor-
25 rower who is not enrolled at that institution;

1 “(D) shall not have a cohort default rate
2 (as defined in section 435(m)) greater than 15
3 percent; and

4 “(E) shall use the proceeds from special al-
5 lowance payments and interest payments from
6 borrowers, and any proceeds from the sale or
7 other disposition of loans, for need-based grant
8 programs, except for reasonable reimbursement
9 for direct administrative expenses.”.

10 (j) **DISABILITY DETERMINATIONS.**—Section 437(a)
11 (20 U.S.C. 1087(a)) is amended by adding at the end the
12 following new sentence: “In making such determination of
13 permanent and total disability, the Secretary shall provide
14 that a borrower who has been certified as permanently and
15 totally disabled by the Department of Veterans Affairs or
16 the Social Security Administration shall not be required
17 to present further documentation for purposes of this
18 title.”.

19 (k) **TREATMENT OF FALSELY CERTIFIED BOR-**
20 **ROWERS.**—Section 437(c)(1) (20 U.S.C. 1087(c)(1)) is
21 amended by inserting “or parent’s eligibility” after “such
22 student’s eligibility”.

23 (l) **PERFECTION OF SECURITY INTERESTS.**—Section
24 439(d) (20 U.S.C. 1087–2(d)) is amended—

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

1 (2) by redesignating paragraphs (4) and (5) as
2 paragraphs (3) and (4), respectively.

3 (m) ADDITIONAL TECHNICAL AMENDMENTS.—

4 (1) Section 428(a)(2)(A) (20 U.S.C.
5 1078(a)(2)(A)) is amended—

6 (A) by striking “and” at the end of sub-
7 clause (II) of clause (i); and

8 (B) by moving the margin of clause (iii)
9 two ems to the left.

10 (2) Section 428H(e) (20 U.S.C. 1078–8(e)) is
11 amended—

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

13 (B) by redesignating paragraph (7) as
14 paragraph (6).

15 (3) Section 428I(g) (20 U.S.C. 1078–9(g)) is
16 amended by striking “Code,” and inserting “Code”.

17 (4) Section 432(m)(1)(B) (20 U.S.C.
18 1082(m)(1)(B)) is amended—

19 (A) in clause (i), by inserting “and” after
20 the semicolon at the end; and

21 (B) in clause (ii), by striking “; and” and
22 inserting a period.

23 **PART C—FEDERAL WORK-STUDY PROGRAMS**

24 **SEC. 441. AUTHORIZATION OF APPROPRIATIONS.**

25 Section 441(b) (42 U.S.C. 2751(b)) is amended—

1 (1) by striking “1999” and inserting “2005”;

2 and

3 (2) by striking “4 succeeding” and inserting “5

4 succeeding”.

5 **SEC. 442. COMMUNITY SERVICE.**

6 Section 441(c)(1) (42 U.S.C. 2751(c)(1)) is amended

7 by striking “that are open and accessible to the commu-

8 nity”.

9 **SEC. 443. ALLOCATION OF FUNDS.**

10 (a) PHASEOUT OF ALLOCATION BASED ON PREVIOUS

11 ALLOCATIONS.—Subsection (a) of section 442(a) (42

12 U.S.C. 2752(a)) is amended to read as follows:

13 “(a) ALLOCATION BASED ON PREVIOUS ALLOCA-

14 TION.—

15 “(1) BASE GUARANTEE.—From the amount ap-

16 propriated pursuant to section 441(b) for each fiscal

17 year after fiscal year 2006, the Secretary shall, sub-

18 ject to paragraph (2), first allocate to each eligible

19 institution an amount equal to the following percent-

20 age of the amount such institution received under

21 subsection (a) of this section for fiscal year 2006 (as

22 such subsection was in effect with respect to alloca-

23 tions for such fiscal year):

24 “(A) 80 percent for fiscal years 2007 and

25 2008;

1 “(B) 60 percent for fiscal years 2009 and
2 2010;

3 “(C) 40 percent for fiscal years 2011 and
4 2012;

5 “(D) 20 percent for fiscal years 2013 and
6 2014; and

7 “(E) 0 percent for fiscal year 2015 and
8 any succeeding fiscal year.

9 “(2) RATABLE REDUCTIONS FOR INSUFFICIENT
10 APPROPRIATIONS.—

11 “(A) REDUCTION OF BASE GUARANTEE.—

12 If the amount appropriated for any fiscal year
13 is less than the amount required to be allocated
14 to all institutions under this subsection, then
15 the amount of the allocation to each such insti-
16 tution shall be ratably reduced.

17 “(B) ADDITIONAL APPROPRIATIONS ALLO-
18 CATION.—If additional amounts are appro-
19 priated for any such fiscal year, such reduced
20 amounts shall be increased on the same basis as
21 they were reduced (until the amount allocated
22 equals the amount required to be allocated
23 under this subsection).

24 “(3) ADDITIONAL ALLOCATIONS FOR CERTAIN
25 INSTITUTIONS.—

1 “(A) ALLOCATIONS PERMITTED.—Notwith-
2 standing any other provision of this section, the
3 Secretary may allocate an amount equal to not
4 more than 10 percent of the amount by which
5 the amount appropriated in any fiscal year to
6 carry out this part exceeds \$700,000,000
7 among eligible institutions described in sub-
8 paragraph (B).

9 “(B) ELIGIBLE INSTITUTIONS.—For pur-
10 poses of subparagraph (A)—

11 “(i) an eligible institution that is a 4-
12 year institution may receive an allocation
13 under subparagraph (A) if more than 50
14 percent of the students who are degree-
15 seeking Pell Grant recipients attending
16 such institution graduate within 4 calendar
17 years of the first day of enrollment; and

18 “(ii) an eligible institution that is a 2-
19 year institution may receive an allocation
20 under subparagraph (A) if more than 50
21 percent of the students who are degree-
22 seeking Pell Grant recipients attending
23 such institution graduate within 2 calendar
24 years of the first day of enrollment.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply with respect to any amounts ap-
3 propriated under section 441(b) of the Higher Education
4 Act of 1965 (42 U.S.C. 2751(b)) for fiscal year 2007 or
5 any succeeding fiscal year.

6 **SEC. 444. BOOKS AND SUPPLIES.**

7 Section 442(e)(4)(D) (42 U.S.C. 2752(e)(4)(D)) is
8 amended by striking “\$450” and inserting “\$600”.

9 **SEC. 445. JOB LOCATION AND DEVELOPMENT.**

10 Section 446(a)(1) (42 U.S.C. 2756(a)(1)) is amend-
11 ed—

12 (1) by striking “10 percent or \$50,000” and in-
13 serting “15 percent or \$75,000”; and

14 (2) by inserting before the period at the end the
15 following: “, except that not less than one-third of
16 such amount shall be specifically allocated to locate
17 and develop community service jobs”.

18 **SEC. 446. WORK COLLEGES.**

19 Section 448 (42 U.S.C. 2756b) is amended—

20 (1) by striking “work-learning” each place it
21 appears and inserting “work-learning-service”;

22 (2) by striking “work-service” each place it ap-
23 pears and inserting “work-learning-service”;

24 (3) by amending subparagraph (C) of sub-
25 section (e)(1) to read as follows:

1 “(C) requires all resident students, includ-
2 ing at least one-half of all students who are en-
3 rolled on a full-time basis, to participate in a
4 comprehensive work-learning-service program
5 for at least 5 hours each week, or at least 80
6 hours during each period of enrollment, unless
7 the student is engaged in an institutionally or-
8 ganized or approved study abroad or externship
9 program; and”;

10 (4) by amending paragraph (2) of subsection
11 (e) to read as follows:

12 “(2) the term ‘comprehensive student work-
13 learning-service program’—

14 “(A) means a student work-learning-serv-
15 ice program that is an integral and stated part
16 of the institution’s educational philosophy and
17 program;

18 “(B) requires participation of all resident
19 students for enrollment and graduation;

20 “(C) includes learning objectives, evalua-
21 tion, and a record of work performance as part
22 of the student’s college record;

23 “(D) provides programmatic leadership by
24 college personnel at levels comparable to tradi-
25 tional academic programs;

1 “(E) recognizes the educational role of
2 work-learning-service supervisors; and

3 “(F) includes consequences for non-
4 performance or failure in the work-learning-
5 service program similar to the consequences for
6 failure in the regular academic program.”; and

7 (5) in subsection (f), by striking “1999 and
8 such sums as may be necessary for each of the 4
9 succeeding fiscal years” and inserting “2005 and
10 such sums as may be necessary for the 5 succeeding
11 fiscal years”.

12 **PART D—FEDERAL DIRECT LOAN PROGRAM**

13 **SEC. 451. REAUTHORIZATION OF THE DIRECT LOAN PRO-**
14 **GRAM.**

15 (a) ADMINISTRATIVE EXPENSES.—Section 458(a)(1)
16 (20 U.S.C. 1087h(a)(1)) is amended by striking
17 “\$617,000,000” and all that follows through “fiscal year
18 2003” and inserting “\$807,000,000 in fiscal year 2005,
19 \$820,000,000 in fiscal year 2006, \$833,000,000 in fiscal
20 year 2007, \$847,000,000 in fiscal year 2008,
21 \$862,000,000 in fiscal year 2009, and \$878,000,000 in
22 fiscal year 2010”.

23 (b) CALCULATION BASIS.—Subsection (b) of section
24 458 (20 U.S.C. 1087h(b)) is amended by striking “shall
25 be calculated—” and all that follows through the end of

1 such subsection and inserting “shall be calculated on the
2 basis of 0.10 percent of the original principal amount of
3 outstanding loans on which insurance was issued under
4 part B.”.

5 (c) SPECIAL RULES: FEE CAP.—Section 458(c)(1)
6 (20 U.S.C. 1087h(c)(1)) is amended by striking subpara-
7 graphs (A) through (E) and inserting the following:

8 “(A) for fiscal year 2005, shall not exceed
9 \$207,000,000;

10 “(B) for fiscal year 2006, shall not exceed
11 \$220,000,000;

12 “(C) for fiscal year 2007, shall not exceed
13 \$233,000,000;

14 “(D) for fiscal year 2008, shall not exceed
15 \$247,000,000;

16 “(E) for fiscal year 2009, shall not exceed
17 \$262,000,000; and

18 “(F) for fiscal year 2010, shall not exceed
19 \$278,000,000.”.

20 (d) CONSOLIDATION LOAN ELIGIBILITY.—Section
21 455(g) (20 U.S.C. 1087e(g)) is amended by adding at the
22 end (after the sentence added by section 425(b)(2) of this
23 Act) the following new sentence: “To be eligible for a con-
24 solidation loan under this part, a borrower must meet all
25 the eligibility criteria set forth in section 428C(a)(3).”.

1 **PART E—FEDERAL PERKINS LOAN PROGRAM**

2 **SEC. 461. REAUTHORIZATION OF PROGRAM.**

3 (a) PROGRAM AUTHORIZATION.—

4 (1) AUTHORIZATION OF APPROPRIATIONS.—

5 Section 461(b) (20 U.S.C. 1087aa(b)) is amended—

6 (A) in paragraph (1)—

7 (i) by striking “1999” and inserting

8 “2005”; and

9 (ii) by striking “4 succeeding” and in-
10 serting “5 succeeding”; and

11 (B) in paragraph (2), by striking “2003”
12 each place it appears and inserting “2011”.

13 (2) FEDERAL CAPITAL CONTRIBUTION RECOV-
14 ERY.—Section 466 (20 U.S.C. 1087ff) is amended—

15 (A) by striking “2004” each place it ap-
16 pears in subsections (a), (b), and (c) and insert-
17 ing “2011”;

18 (B) in subsection (a), by striking “2003”
19 each place it appears and inserting “2010”; and

20 (C) in subsection (b), by striking “2012”
21 and inserting “2019”.

22 (b) PHASEOUT OF ALLOCATION BASED ON PREVIOUS
23 ALLOCATIONS.—

24 (1) AMENDMENT.—Subsection (a) of section
25 462 (20 U.S.C. 1087bb(a)) is amended to read as
26 follows:

1 “(a) ALLOCATION BASED ON PREVIOUS ALLOCA-
2 TION.—

3 “(1) BASE GUARANTEE.—From the amount ap-
4 propriated pursuant to section 461(b) for each fiscal
5 year after fiscal year 2006, the Secretary shall, sub-
6 ject to paragraphs (2) and (3), first allocate to each
7 eligible institution an amount equal to—

8 “(A) 100 percent of the amount such insti-
9 tution received under subsection (a) of this sec-
10 tion for fiscal year 2006 (as such subsection
11 was in effect with respect to allocations for such
12 fiscal year), multiplied by

13 “(B) the institution’s default penalty, as
14 determined under subsection (e), except that if
15 the institution has a cohort default rate in ex-
16 cess of the applicable maximum cohort default
17 rate under subsection (f), the institution may
18 not receive an allocation under this paragraph.

19 “(2) PHASE OUT.—For each of the fiscal years
20 after fiscal year 2006, paragraph (1) shall be ap-
21 plied by substituting for ‘100 percent’:

22 “(A) ‘80 percent’ for fiscal years 2007 and
23 2008;

24 “(B) ‘60 percent’ for fiscal years 2009 and
25 2010;

1 “(C) ‘40 percent’ for fiscal years 2011 and
2 2012;

3 “(D) ‘20 percent’ for fiscal years 2013 and
4 2014; and

5 “(E) ‘0 percent’ for fiscal year 2015 and
6 any succeeding fiscal year.

7 “(3) RATABLE REDUCTIONS FOR INSUFFICIENT
8 APPROPRIATIONS.—

9 “(A) REDUCTION OF BASE GUARANTEE.—

10 If the amount appropriated for any fiscal year
11 is less than the amount required to be allocated
12 to all institutions under this subsection, then
13 the amount of the allocation to each such insti-
14 tution shall be ratably reduced.

15 “(B) ADDITIONAL APPROPRIATIONS ALLO-
16 CATION.—If additional amounts are appro-
17 priated for any such fiscal year, such reduced
18 amounts shall be increased on the same basis as
19 they were reduced (until the amount allocated
20 equals the amount required to be allocated
21 under this subsection).”.

22 (2) EFFECTIVE DATE.—The amendment made
23 by paragraph (1) shall apply with respect to any
24 amounts appropriated under section 461(b) of the
25 Higher Education Act of 1965 (20 U.S.C.

1 1087bb(b)) for fiscal year 2007 or any succeeding
2 fiscal year.

3 (c) BOOKS AND SUPPLIES.—Section 462(c)(4)(D)
4 (20 U.S.C. 1087bb(c)(4)(D)) is amended by striking
5 “\$450” and inserting “\$600”.

6 **SEC. 462. LOAN TERMS AND CONDITIONS.**

7 (a) LOAN LIMITS.—Section 464(a) (20 U.S.C.
8 1087dd(a))—

9 (1) in paragraph (2)(A)—

10 (A) by striking “\$4,000” in clause (i) and
11 inserting “\$5,500”; and

12 (B) by striking “\$6,000” in clause (ii) and
13 inserting “\$8,000”; and

14 (2) in paragraph (2)(B)—

15 (A) by striking “\$40,000” in clause (i) and
16 inserting “\$60,000”;

17 (B) by striking “\$20,000” in clause (ii)
18 and inserting “\$27,500”; and

19 (C) by striking “\$8,000” in clause (iii) and
20 inserting “\$11,000”.

21 (b) FORBEARANCE.—Section 464(e) (20 U.S.C.
22 1087dd(e)) is amended by striking “, upon written re-
23 quest,”.

24 (c) SPECIAL REPAYMENT RULE.—Paragraph (2) of
25 section 464(f) is amended to read as follows:

1 “(2) No compromise repayment of a defaulted loan
2 as authorized by paragraph (1) may be made unless
3 agreed to by the Secretary.”.

4 (d) REHABILITATION.—Section 464(h)(1)(A) (20
5 U.S.C. 1087dd(h)(1)(A)) is amended by striking “12
6 ontime” and inserting “9 on-time”.

7 **SEC. 463. LOAN CANCELLATION.**

8 Section 465(a)(3)(A) (20 U.S.C. 1087ee(a)(3)(A)) is
9 amended—

10 (1) by inserting “(D),” after “subparagraph
11 (A), (C),” in clause (i);

12 (2) by inserting “or” after the semicolon at the
13 end of clause (ii);

14 (3) by striking clause (iii); and

15 (4) by redesignating clause (iv) as clause (iii).

16 **SEC. 464. TECHNICAL AMENDMENTS.**

17 Part E is further amended as follows:

18 (1) Section 462(g)(1)(E)(i)(I) (20 U.S.C.
19 1087bb(g)(1)(E)(i)(I)) is amended by inserting
20 “monthly” after “consecutive”.

21 (2) Section 464(c)(1)(D) (20 U.S.C.
22 1087dd(c)(1)(D)) is amended by redesignating sub-
23 clauses (I) and (II) as clauses (i) and (ii), respec-
24 tively.

1 (3) Section 465(a)(2) (20 U.S.C. 1087ee(a)(2))
2 is amended—

3 (A) in subparagraph (A), by striking “sec-
4 tion 111(c)” and inserting “section
5 1113(a)(5)”; and

6 (B) in subparagraph (C), by striking
7 “With Disabilities” and inserting “with Disabil-
8 ities”.

9 (4) Section 467(b) (20 U.S.C. 1087gg(b)) is
10 amended by striking “(5)(A), (5)(B)(i), or (6)” and
11 inserting “(4)(A), (4)(B), or (5)”.

12 (5) Section 469(c) (20 U.S.C. 1087ii(c)) is
13 amended—

14 (A) by striking “sections 602(a)(1) and
15 672(1)” and inserting “sections 602(3) and
16 632(5)”;

17 (B) by striking “qualified professional pro-
18 vider of early intervention services” and insert-
19 ing “early intervention services”; and

20 (C) by striking “section 672(2)” and in-
21 serting “section 632(4)”.

22 **PART F—NEED ANALYSIS**

23 **SEC. 471. SIMPLIFIED NEEDS TEST IMPROVEMENTS.**

24 Section 479 (20 U.S.C. 1087ss) is amended—

1 (1) by striking clause (i) of subsection (b)(1)(A)
2 and inserting the following:

3 “(i) the student’s parents file a form
4 described in paragraph (3) or certify that
5 they are not required to file an income tax
6 return, and the student files such a form
7 or certifies that the student is not required
8 to file an income tax return, or the stu-
9 dent’s parents receive benefits under a
10 means-tested Federal benefit program;”.

11 (2) by striking clause (i) of subsection
12 (b)(1)(B) and inserting the following:

13 “(i) the student (and the student’s
14 spouse, if any) files a form described in
15 paragraph (3) or certifies that the student
16 (and the student’s spouse, if any) is not re-
17 quired to file an income tax return, or the
18 student (and the student’s spouse, if any)
19 receives benefits under a means-tested
20 Federal benefit program;”;

21 (3) by striking subparagraph (A) of subsection
22 (c)(1) and inserting the following:

23 “(A) the student’s parents file a form de-
24 scribed in subsection (b)(3) or certify that they
25 are not required to file an income tax return,

1 and the student files such a form or certifies
2 that the student is not required to file an in-
3 come tax return, or the student’s parents re-
4 ceive benefits under a means-tested Federal
5 benefit program;”;

6 (4) by striking subparagraph (A) of subsection
7 (c)(2) and inserting the following:

8 “(A) the student (and the student’s
9 spouse, if any) files a form described in sub-
10 section (b)(3) or certifies that the student (and
11 the student’s spouse, if any) is not required to
12 file an income tax return, or the student (and
13 the student’s spouse, if any) receives benefits
14 under a means-tested Federal benefit pro-
15 gram;” and

16 (5) by adding at the end the following new sub-
17 section:

18 “(d) DEFINITION OF MEANS-TESTED FEDERAL
19 BENEFIT PROGRAM.—For purposes of this section, the
20 term ‘means-tested Federal benefit program’ means a
21 mandatory spending program of the Federal Government,
22 other than a program under this title, in which eligibility
23 for the programs’ benefits, or the amount of such benefits,
24 or both, are determined on the basis of income or re-
25 sources of the individual or family seeking the benefit, and

1 may include such programs as the supplemental security
2 income program under title XVI of the Social Security
3 Act, the food stamp program under the Food Stamp Act
4 of 1977, and the free and reduced price school lunch pro-
5 gram under the Richard B. Russell National School Lunch
6 Act, and other programs identified by the Secretary.”.

7 **SEC. 472. ADDITIONAL NEED ANALYSIS AMENDMENTS.**

8 (a) INCOME PROTECTION ALLOWANCE FOR DEPEND-
9 ENT STUDENTS.—

10 (1) AMENDMENT.—Section 475(g)(2)(D) (20
11 U.S.C. 1087oo(g)(2)(D)) is amended by striking
12 “\$2,200” and inserting “\$3,000”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by paragraph (1) shall apply with respect to deter-
15 minations of need for periods of enrollment begin-
16 ning on or after July 1, 2005.

17 (b) EMPLOYMENT EXPENSE ALLOWANCE.—Section
18 478(h) (20 U.S.C. 1087rr(h)) is amended—

19 (1) by striking “476(b)(4)(B),”; and

20 (2) by striking “meals away from home, apparel
21 and upkeep, transportation, and housekeeping serv-
22 ices” and inserting “food away from home, apparel,
23 transportation, and household furnishings and oper-
24 ations”.

1 (c) DISCRETION OF STUDENT FINANCIAL AID AD-
2 MINISTRATORS.—Section 479A(a) (20 U.S.C. 1087tt(a))
3 is amended—

4 (1) by striking “(a) IN GENERAL.—” and in-
5 serting the following:

6 “(a) AUTHORITY TO MAKE ADJUSTMENTS.—

7 “(1) ADJUSTMENTS FOR SPECIAL CIR-
8 CUMSTANCES.—”;

9 (2) by inserting before “Special circumstances
10 may” the following:

11 “(2) SPECIAL CIRCUMSTANCES DEFINED.—”;

12 (3) by inserting “a student’s status as a ward
13 of the court at any time prior to attaining 18 years
14 of age,” after “487,”;

15 (4) by inserting before “Adequate documenta-
16 tion” the following:

17 “(3) DOCUMENTATION AND USE OF SUPPLE-
18 MENTARY INFORMATION.—”; and

19 (5) by inserting before “No student” the fol-
20 lowing:

21 “(4) FEES FOR SUPPLEMENTARY INFORMATION
22 PROHIBITED.—”.

23 (d) TREATING ACTIVE DUTY MEMBERS OF THE
24 ARMED FORCES AS INDEPENDENT STUDENTS.—Section
25 480(d)(3) (20 U.S.C. 1087vv(d)(3)) is amended by insert-

1 ing before the semicolon at the end the following: “or is
2 currently serving on active duty in the Armed Forces for
3 other than training purposes”.

4 (e) EXCLUDABLE INCOME.—Section 480(e) (20
5 U.S.C. 1087vv(e)) is amended—

6 (1) by striking “and” at the end of paragraph
7 (3);

8 (2) by striking the period at the end of para-
9 graph (4); and

10 (3) by adding at the end the following new
11 paragraph:

12 “(5) any part of any distribution from a quali-
13 fied tuition program established under section 529
14 of the Internal Revenue Code of 1986 that is not in-
15 cludable in gross income under such section 529.”.

16 (f) TREATMENT OF SAVINGS PLANS.—

17 (1) AMENDMENT.—Section 480(f) (20 U.S.C.
18 1087vv(f)) is amended—

19 (A) in paragraph (1), by inserting “quali-
20 fied tuition programs established under section
21 529 of the Internal Revenue Code of 1986 (26
22 U.S.C. 529), except as provided in subpara-
23 graph (2),” after “tax shelters,”;

24 (B) by redesignating paragraph (2) as
25 paragraph (3); and

1 (C) by inserting after paragraph (1) the
2 following new paragraph:

3 “(2) A qualified tuition program shall not be consid-
4 ered an asset of a dependent student under section 475
5 of this part. The value of a qualified tuition program for
6 purposes of determining the assets of parents or inde-
7 pendent students shall be—

8 (A) the refund value of any tuition credits or
9 certificates purchased under section 529 of the In-
10 ternal Revenue Code of 1986 (26 U.S.C. 529) on be-
11 half of a beneficiary; or

12 (B) the current balance of any account which
13 is established under such section for the purpose of
14 meeting the qualified higher education expenses of
15 the designated beneficiary of the account.”.

16 (2) CONFORMING AMENDMENT.—Section 480(j)
17 (20 U.S.C. 1087vv(j)) is amended—

18 (A) by striking “; TUITION PREPAYMENT
19 PLANS” in the heading of such subsection;

20 (B) by striking paragraph (2);

21 (C) in paragraph (3), by inserting “, or a
22 distribution that is not includible in gross in-
23 come under section 529 of such Code,” after
24 “1986”; and

1 (D) by redesignating paragraph (3) as
2 paragraph (2).

3 **PART G—GENERAL PROVISIONS RELATING TO**
4 **STUDENT FINANCIAL ASSISTANCE**

5 **SEC. 481. DEFINITION OF ACADEMIC YEAR.**

6 Paragraph (2) of section 481(a) (20 U.S.C. 1088(a))
7 is amended to read as follows:

8 “(2) For the purpose of any program under this title,
9 the term ‘academic year’ shall—

10 “(A) require a minimum of 30 weeks of instruc-
11 tional time for a course of study that measures its
12 program length in credit hours; or

13 “(B) require a minimum of 26 weeks of instruc-
14 tional time for a course of study that measures its
15 program length in clock hours; and

16 “(C) require an undergraduate course of study
17 to contain an amount of instructional time whereby
18 a full-time student is expected to complete at least
19 (i) 24 semester or trimester hours or 36 quarter
20 credit hours in a course of study that measures its
21 program length in credit hours, or (ii) 900 clock
22 hours in a course of study that measures its pro-
23 gram length in clock hours.”.

1 **SEC. 482. DISTANCE EDUCATION.**

2 (a) DISTANCE EDUCATION: ELIGIBLE PROGRAM.—
3 Section 481(b) (20 U.S.C. 1088(b)) is amended by adding
4 at the end the following new paragraph:

5 “(3) DISTANCE EDUCATION.—An otherwise eli-
6 gible program that is offered in whole or in part
7 through telecommunications is eligible for the pur-
8 poses of this title if the program is offered by an in-
9 stitution, other than a foreign institution, that has
10 been evaluated and determined (before or after the
11 date of enactment of this paragraph) to have the ca-
12 pability to effectively deliver distance education pro-
13 grams by an accrediting agency or association
14 that—

15 “(A) is recognized by the Secretary under
16 subpart 2 of Part H; and

17 “(B) has evaluation of distance education
18 programs within the scope of its recognition, as
19 described in section 496(n)(3).”.

20 (b) CORRESPONDENCE COURSES.—Section 484(l)(1)
21 (20 U.S.C. 1091(l)(1)) is amended—

22 (1) in subparagraph (A)—

23 (A) by striking “for a program of study of
24 1 year or longer”; and

1 (B) by striking “unless the total” and all
2 that follows through “courses at the institu-
3 tion”; and

4 (2) by amending subparagraph (B) to read as
5 follows:

6 “(B) EXCEPTION.—Subparagraph (A)
7 does not apply to an institution or school de-
8 scribed in section 3(3)(C) of the Carl D. Per-
9 kins Vocational and Technical Education Act of
10 1998.”.

11 **SEC. 483. EXPANDING INFORMATION DISSEMINATION RE-**
12 **GARDING ELIGIBILITY FOR PELL GRANTS.**

13 Section 483(a) (20 U.S.C. 1090(a)) is amended by
14 adding at the end the following new paragraph:

15 “(8) EXPANDING INFORMATION DISSEMINATION
16 REGARDING ELIGIBILITY FOR PELL GRANTS.—The
17 Secretary shall make special efforts, in conjunction
18 with State efforts, to notify students and their par-
19 ents who qualify for a free lunch under the Richard
20 B. Russell National School Lunch Act (42 U.S.C.
21 1751 et seq.), the Food Stamps program, or such
22 other programs as the Secretary shall determine, of
23 their potential eligibility for a maximum Pell Grant,
24 and shall disseminate such informational materials
25 as the Secretary deems appropriate.”.

1 **SEC. 484. STUDENT ELIGIBILITY.**

2 (a) **SUSPENSION OF ELIGIBILITY FOR DRUG OF-**
3 **FENSES.**—Section 484(r)(1) (20 U.S.C. 1091(r)(1)) is
4 amended by striking everything preceding the table and
5 inserting the following:

6 “(1) **IN GENERAL.**—A student who is convicted
7 of any offense under any Federal or State law in-
8 volving the possession or sale of a controlled sub-
9 stance for conduct that occurred during a period of
10 enrollment for which the student was receiving any
11 grant, loan, or work assistance under this title shall
12 not be eligible to receive any grant, loan, or work as-
13 sistance under this title from the date of that convic-
14 tion for the period of time specified in the following
15 table:”.

16 (b) **FREELY ASSOCIATED STATES.**—Section 484(j)
17 (20 U.S.C. 1091(j)) is amended by inserting “and shall
18 be eligible only for assistance under subpart 1 of part A
19 thereafter,” after “part C,”.

20 (c) **VERIFICATION OF INCOME DATE.**—Paragraph
21 (1) of section 484(q) (20 U.S.C. 1091(q)) is amended to
22 read as follows:

23 “(1) **CONFIRMATION WITH IRS.**—The Secretary
24 of Education, in cooperation with the Secretary of
25 the Treasury, is authorized to confirm with the In-
26 ternal Revenue Service the information specified in

1 section 6103(l)(13) of the Internal Revenue Code of
2 1986 reported by applicants (including parents)
3 under this title on their Federal income tax returns
4 for the purpose of verifying the information reported
5 by applicants on student financial aid applications.”.

6 (d) PELL GRANT ELIGIBILITY PROVISION.—Section
7 484 is amended by adding at the end the following new
8 subsection:

9 “(s) PELL GRANT ELIGIBILITY PROVISION.—A stu-
10 dent who does not have a certificate of graduation from
11 a school providing secondary education may be eligible for
12 assistance under subpart 1 of Part A of this title for no
13 more than two academic years, if such student—

14 “(1) meets all eligibility requirements for such
15 assistance (other than not being enrolled in an ele-
16 mentary or secondary school) and is an academically
17 gifted and talented student, as defined in section
18 9101 of the Elementary and Secondary Education
19 Act;

20 “(2) is in the junior or senior year of secondary
21 school, and has not received any assistance under
22 this title;

23 “(3) is selected for participation and is enrolled
24 full-time and resides on campus in a residential col-

1 lege gifted student program for early enrollment,
2 leading to fully transferable college academic credit;

3 “(4) does not and will not participate in any
4 secondary school course work during or after such
5 program; and

6 “(5) has entered into an agreement that, if the
7 student fails to complete the entirety of the aca-
8 demic program for which assistance under subpart 1
9 of Part A of this title was received, or participates
10 in secondary school course work after participating
11 in such program, the student will repay all funds re-
12 ceived under such subpart pursuant to this sub-
13 section to the Federal Government in accordance
14 with regulations promulgated by the Secretary.”.

15 (e) TECHNICAL AMENDMENT.—Section 484(b)(5) is
16 amended by inserting “or parent (on behalf of a student)”
17 after “student”.

18 **SEC. 485. INSTITUTIONAL REFUNDS.**

19 Section 484B (20 U.S.C. 1091b) is amended—

20 (1) in subsection (a)(1), by inserting “subpart
21 4 of part A or” after “received under”;

22 (2) in subsection (a)(2), by striking “takes a
23 leave” and by inserting “takes one or more leaves”;

1 (3) in subsection (a)(3)(B)(ii), by inserting “(as
2 determined in accordance with subsection (d))” after
3 “student has completed”;

4 (4) in subsection (a)(4), by amending subpara-
5 graph (A) to read as follows:

6 “(A) IN GENERAL.—After determining the
7 eligibility of the student for a late disbursement
8 or post-withdrawal disbursement (as required in
9 regulations prescribed by the Secretary), the in-
10 stitution of higher education shall contact the
11 borrower and obtain confirmation that the loan
12 funds are still required by the borrower. In
13 making such contact, the institution shall ex-
14 plain to the borrower the borrower’s obligation
15 to repay the funds following any such disburse-
16 ment. The institution shall document in the
17 borrower’s file the result of such contact and
18 the final determination made concerning such
19 disbursement. ”.

20 (5) in subsection (b)(1), by inserting “no later
21 than 45 days from the determination of withdrawal”
22 after “return”;

23 (6) in subsection (b)(2), by amending subpara-
24 graph (C) to read as follows:

1 “(C) GRANT OVERPAYMENT REQUIRE-
2 MENTS.—

3 “(i) IN GENERAL.—Notwithstanding
4 subparagraphs (A) and (B), a student
5 shall only be required to return grant as-
6 sistance in the amount (if any) by which—

7 “(I) the amount to be returned
8 by the student (as determined under
9 subparagraphs (A) and (B)), exceeds

10 “(II) 50 percent of the total
11 grant assistance received by the stu-
12 dent under this title for the payment
13 period or period of enrollment.

14 “(ii) MINIMUM.—A student shall not
15 be required to return amounts of \$50 or
16 less.”; and

17 (7) in subsection (d), by striking “(a)(3)(B)(i)”
18 and inserting “(a)(3)(B)”.

19 **SEC. 486. INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-**
20 **FORMATION FOR STUDENTS.**

21 (a) INFORMATION DISSEMINATION ACTIVITIES.—

22 Section 485(a)(1) (20 U.S.C. 1092(a)(1)) is amended—

23 (1) by amending the second sentence to read as
24 follows: “The information required by this section
25 shall be produced and be made publicly available to

1 an enrolled student and to any prospective student
2 in a uniform and comprehensible manner, through
3 appropriate publications, mailings, electronic media,
4 and the reports required by the institution's accred-
5 iting agency under section 496(c)(9).”;

6 (2) by amending subparagraph (G) to read as
7 follows:

8 “(G) the academic programs of the institution,
9 including—

10 “(i) the current degree programs and other
11 educational and training programs;

12 “(ii) the institution’s learning objectives
13 for those programs;

14 “(iii) the instructional, laboratory, and
15 other physical plant facilities which relate to the
16 academic programs; and

17 “(iv) the faculty and other instructional
18 personnel;”;

19 (3) by striking subparagraph (L) and inserting
20 the following:

21 “(L) a summary of student outcomes for full-
22 time undergraduate students, including—

23 “(i) the completion or graduation rates of
24 certificate- or degree-seeking undergraduate
25 students entering such institutions;

1 “(ii) when readily available, information
2 showing the number of undergraduate students
3 that transfer out of the institution; and

4 “(iii) any other student outcome data,
5 qualitative or quantitative, including data re-
6 garding distance education deemed by the insti-
7 tution to be appropriate to its stated edu-
8 cational mission and goals, and, when applica-
9 ble, licensing and placement rates for profes-
10 sional and vocational programs;”;

11 (4) by inserting before the semicolon at the end
12 of subparagraph (J) the following: “, and the proc-
13 ess for students to register complaints with the ac-
14 crediting agencies or associations”;

15 (5) in subparagraph (M), by striking “guaran-
16 teed student loans under part B of this title or di-
17 rect student loans under part E of this title, or
18 both,” and inserting “student loans under part B,
19 D, or E of this title”;

20 (6) by striking “and” at the end of subpara-
21 graph (N);

22 (7) by striking the period at the end of sub-
23 paragraph (O) and inserting a semicolon; and

24 (8) by adding at the end the following new sub-
25 paragraphs:

1 “(P) the penalties contained in subsection
2 484(r) regarding suspension of eligibility for drug
3 related offenses; and

4 “(Q) the policies of the institution for accepting
5 transfer of credit, explained in a manner that clearly
6 states the basis for determining the acceptability and
7 applicability of transfer of credits.”.

8 (b) ADDITIONAL AMENDMENTS.—Section 485(a) is
9 further amended by striking paragraph (6) and inserting
10 the following:

11 “(6) Each institution may provide supplemental
12 information to enrolled and prospective students
13 showing the completion or graduation rate for stu-
14 dents described in paragraph (4). For the purpose of
15 this paragraph, the definitions provided in the Inte-
16 grated Postsecondary Education Data System shall
17 apply.

18 “(7) Each eligible institution participating in
19 any program under this title may publicly report to
20 currently enrolled and prospective students the vol-
21 untary information collected by the National Survey
22 of Student Engagement (NSSE), the Community
23 College Survey of Student Engagement (CCSSE), or
24 other instruments that provide evidence of student
25 participation in educationally purposeful activities.

1 The information shall be produced and made avail-
2 able in a uniform and comprehensible manner,
3 through appropriate publications, mailings, and elec-
4 tronic media, and may be included in reports re-
5 quired by the institution's accrediting agency.”.

6 (c) EXIT COUNSELING.—Section 485(b) (20 U.S.C.
7 1092(b)) is amended by adding at the end the following
8 new paragraph:

9 “(3) Each eligible institution shall, during the exit
10 interview required by this subsection, provide to a bor-
11 rower of a loan made under part B, D, or E a clear and
12 conspicuous notice describing the effect of using a consoli-
13 dation loan to discharge the borrower's student loans, in-
14 cluding—

15 “(A) the effects of consolidation on total inter-
16 est to be paid, fees to be paid, and length of repay-
17 ment;

18 “(B) the effects of consolidation on a bor-
19 rower's underlying loan benefits, including loan for-
20 giveness, cancellation, and deferment;

21 “(C) the ability for the borrower to prepay the
22 loan, pay on a shorter schedule, and to change re-
23 payment plans, and that borrower benefit programs
24 may vary among different loan holders;

1 “(D) the tax benefits for which the borrower
2 may be eligible; and

3 “(E) the consequences of default.”.

4 (d) CAMPUS CRIME INFORMATION.—Section
5 485(f)(1) (20 U.S.C. 1092(f)(1)) is amended by inserting
6 “, other than a foreign institution of higher education,”
7 after “under this title”.

8 (e) TRANSFER OF CREDIT POLICIES.—Section 485
9 is further amended by adding at the end the following new
10 subsection:

11 “(h) TRANSFER OF CREDIT POLICIES.—

12 “(1) DISCLOSURE.—Each eligible institution
13 participating in any program under this title shall
14 publicly disclose in a readable and comprehensible
15 manner its transfer of credit policies which shall in-
16 clude:

17 “(A) A statement of the institution’s cur-
18 rent transfer of credit policies that includes at
19 least—

20 “(i) a statement that transfer of cred-
21 it shall not be denied solely on the basis of
22 the agency or association that accredited
23 such other eligible institution, if that agen-
24 cy or association is recognized by the Sec-
25 retary pursuant to section 496 to be a reli-

1 able authority as to the quality of the edu-
2 cation or training offered; and

3 “(ii) a statement that transfer of
4 credit shall be decided on the basis of
5 whether the courses or program are deter-
6 mined by the institution to be acceptable
7 for credit in accordance with objective cri-
8 teria that the institution publicly discloses
9 and the student completed such courses or
10 programs at the institution’s required level
11 of proficiency.

12 “(B) Statistics concerning the annual, as
13 well as a 3-year rolling average, rate of the per-
14 centage of credits accepted in transfer and fully
15 counted toward the degree or certificate comple-
16 tion requirements of undergraduate students.
17 Such data shall be disaggregated to report on
18 the following categories of institutions from
19 which credits were accepted in transfer:

20 “(i) nationally accredited;

21 “(ii) regionally accredited in the same
22 State;

23 “(iii) regionally accredited in the same
24 region; and

1 “(iv) regionally accredited in a dif-
2 ferent region.

3 “(2) RULE OF CONSTRUCTION.—Nothing in
4 this subsection shall be construed to—

5 “(A) authorize an officer or employee of
6 the Department to exercise any direction, su-
7 pervision, or control over the curriculum, pro-
8 gram of instruction, administration, or per-
9 sonnel of any institution of higher education, or
10 over any accrediting agency or association;

11 “(B) limit the application of the General
12 Education Provisions Act; or

13 “(C) create any legally enforceable right.”.

14 **SEC. 487. COLLEGE ACCESS INITIATIVE.**

15 Part G is further amended by inserting after section
16 485C (20 U.S.C. 1092c) the following new section:

17 **“SEC. 485D. COLLEGE ACCESS INITIATIVE.**

18 “(a) STATE-BY-STATE INFORMATION.—The Sec-
19 retary shall direct each guaranty agency with which the
20 Secretary has an agreement under section 428(c) to pro-
21 vide to the Secretary the information necessary for the de-
22 velopment of web links and access for students and fami-
23 lies to a comprehensive listing of the postsecondary edu-
24 cation opportunities programs, publications, Internet Web

1 sites, and other services available in the States for which
2 such agency serves as the designated guarantor.

3 “(b) GUARANTY AGENCY ACTIVITIES.—

4 “(1) PLAN AND ACTIVITY REQUIRED.—Each
5 guaranty agency with which the Secretary has an
6 agreement under section 428(c) shall develop a plan
7 and undertake the activity necessary to gather the
8 information required under subsection (a) and to
9 make such information available to the public and to
10 the Secretary in a form and manner as prescribed
11 by the Secretary.

12 “(2) ACTIVITIES.—Each guaranty agency shall
13 undertake such activities as are necessary to pro-
14 mote access to postsecondary education for students
15 through providing information on college planning,
16 career preparation, and paying for college. The guar-
17 anty agency shall publicize such information and co-
18 ordinate such activities with other entities that ei-
19 ther provide or distribute such information in the
20 States for which such guaranty agency serves as the
21 designated guarantor.

22 “(3) FUNDING.—The activities required by this
23 section may be funded from the guaranty agency’s
24 operating account established pursuant to section
25 422B and to the extent funds remain, from earnings

1 on the restricted account established pursuant to
2 section 422(h)(4).

3 “(c) ACCESS TO INFORMATION.—

4 “(1) SECRETARY’S RESPONSIBILITY.—The Sec-
5 retary shall ensure the availability of the information
6 provided by the guaranty agencies in accordance
7 with this section to students, parents and other in-
8 terested individuals, through web links or other
9 methods prescribed by the Secretary.

10 “(2) GUARANTY AGENCY RESPONSIBILITY.—
11 The guaranty agencies shall ensure that the infor-
12 mation required by this section is available without
13 charge in printed format for students and parents
14 requesting such information.

15 “(3) PUBLICITY.—Within 270 days after the
16 date of enactment of the College Access and Oppor-
17 tunity Act of 2004, the Secretary and guaranty
18 agencies shall publicize the availability of the infor-
19 mation required by this section, with special empha-
20 sis on ensuring that populations that are tradition-
21 ally underrepresented in postsecondary education are
22 made aware of the availability of such information.”.

1 **SEC. 488. DISTANCE EDUCATION DEMONSTRATION PRO-**
2 **GRAM.**

3 (a) **ELIGIBLE APPLICANTS.**—Section 486(b)(3) (20
4 U.S.C. 1093(b)(3)) is amended—

5 (1) in subparagraph (B), by striking “section
6 102(a)(1)(C)” and inserting “section 102”; and

7 (2) in subparagraph (C), by striking “sub-
8 section (a) of section 102, other than the require-
9 ment of paragraph (3)(A) or (3)(B) of such sub-
10 section,” and inserting “section 101, other than the
11 requirements of subparagraph (A) or (B) of sub-
12 section (b)(4) of such section”.

13 (b) **SELECTION.**—Section 486(d)(1) (20 U.S.C.
14 1093(d)(1)) is amended—

15 (1) by striking “the third year” and inserting
16 “subsequent years”;

17 (2) by striking “35 institutions” and inserting
18 “100 institutions”; and

19 (3) by adding at the end the following new sen-
20 tence: “Not more than 5 of such institutions, sys-
21 tems, or consortia may be accredited, degree-grant-
22 ing correspondence schools.”.

23 **SEC. 489. COLLEGE AFFORDABILITY DEMONSTRATION PRO-**
24 **GRAM.**

25 Part G of title IV is amended by inserting after sec-
26 tion 486 (20 U.S.C. 1093) the following new section:

1 **“SEC. 486A. COLLEGE AFFORDABILITY DEMONSTRATION**
2 **PROGRAM.**

3 “(a) PURPOSE.—It is the purpose of this section—

4 “(1) to provide, through a college affordability
5 demonstration program, for increased innovation in
6 the delivery of higher education and student finan-
7 cial aid in a manner resulting in reduced costs for
8 students as well as the institution by accelerating
9 degree or program completion, increasing availability
10 of, and access to, distance components of education
11 delivery, and other alternative methodologies; and

12 “(2) to help determine—

13 “(A) the most effective means of delivering
14 student financial aid as well as quality edu-
15 cation;

16 “(B) the specific statutory and regulatory
17 requirements that should be altered to provide
18 for more efficient and effective delivery of stu-
19 dent financial aid, as well as access to high
20 quality distance education programs, resulting
21 in a student more efficiently completing post-
22 secondary education; and

23 “(C) the most effective methods of obtain-
24 ing and managing institutional resources.

25 “(b) DEMONSTRATION PROGRAM AUTHORIZED.—

1 “(1) IN GENERAL.—In accordance with the
2 purposes described in subsection (a) and the provi-
3 sions of subsection (d), the Secretary is authorized
4 to select not more than 100 institutions of higher
5 education or systems of such institutions for vol-
6 untary participation in the College Affordability
7 Demonstration Program in order to enable partici-
8 pating institutions to carry out such purposes by
9 providing programs of postsecondary education, and
10 making available student financial assistance under
11 this title to students enrolled in those programs, in
12 a manner that would not otherwise meet the require-
13 ments of this title.

14 “(2) WAIVERS.—The Secretary is authorized to
15 waive for any institutions of higher education, or
16 any system or consortia of institutions of higher
17 education, selected for participation in the College
18 Affordability Demonstration Program, any require-
19 ments of this Act or the regulations thereunder as
20 deemed necessary by the Secretary to meet the pur-
21 pose described in subsection (a)(1).

22 “(3) ELIGIBLE APPLICANTS.—

23 “(A) ELIGIBLE INSTITUTIONS.—Except as
24 provided in subparagraph (B), only an institu-
25 tion of higher education that is eligible to par-

1 participate in programs under this title shall be eli-
2 gible to participate in the demonstration pro-
3 gram authorized under this section.

4 “(B) PROHIBITION.—An institution of
5 higher education described in section 102 shall
6 not be eligible to participate in the demonstra-
7 tion program authorized under this section.

8 “(c) APPLICATION.—

9 “(1) IN GENERAL.—Each institution or system
10 of institutions desiring to participate in the dem-
11 onstration program under this section shall submit
12 an application to the Secretary at such time and in
13 such manner as the Secretary may require.

14 “(2) CONTENTS OF APPLICATIONS.—Each ap-
15 plication for the college affordability demonstration
16 program shall include at least the following:

17 “(A) a description of the institution or sys-
18 tem of institutions and what quality assurance
19 mechanisms are in place to insure the integrity
20 of the Federal financial aid programs;

21 “(B) a description of each regulatory or
22 statutory requirement for which waivers are
23 sought, with a reason for each waiver;

24 “(C) a description of the programs being
25 offered and the affected students;

1 “(D) a description of the expected out-
2 comes of the program changes proposed, includ-
3 ing the estimated reductions in costs both for
4 the institution and for students;

5 “(E) a description of any collaborative ar-
6 rangements with other institutions or organiza-
7 tions to reduce costs;

8 “(F) a description of any expected eco-
9 nomic impact of participation in the program
10 within the community in which the institution is
11 located;

12 “(G) a description of how the institution
13 will reduce the costs of instructional materials,
14 including textbooks;

15 “(H) an assurance that the participating
16 institution or system of institutions will offer
17 full cooperation with the ongoing evaluations of
18 the demonstration program provided for in this
19 section; and

20 “(I) any other information or assurances
21 the Secretary may require.

22 “(d) SELECTION.—In selecting institutions to partici-
23 pate in the demonstration program under this section, the
24 Secretary shall take into account—

1 “(1) the number and quality of applications re-
2 ceived, determined on the basis of the contents re-
3 quired by subsection (c)(2);

4 “(2) the Department’s capacity to oversee and
5 monitor each institution’s participation;

6 “(3) an institution’s—

7 “(A) financial responsibility;

8 “(B) administrative capability;

9 “(C) program or programs being offered
10 via distance education;

11 “(D) student completion rates; and

12 “(E) student loan default rates; and

13 “(4) the participation of a diverse group of in-
14 stitutions with respect to size, mission, and geo-
15 graphic distribution.

16 “(e) NOTIFICATION.—The Secretary shall make
17 available to the public and to the authorizing committees
18 a list of institutions and systems of institutions selected
19 to participate in the demonstration program authorized by
20 this section. Such notice shall include a listing of the spe-
21 cific statutory and regulatory requirements being waived
22 for each institution or system of institutions and a descrip-
23 tion of the distance education courses to be offered.

24 “(f) EVALUATIONS AND REPORTS.—

1 “(1) EVALUATION.—The Secretary shall evalu-
2 ate the demonstration program authorized under
3 this section on a biennial basis. Such evaluations
4 specifically shall review—

5 “(A) the number and types of students
6 participating in the programs offered, including
7 the progress of participating students toward
8 recognized certificates or degrees and the extent
9 to which participation in such programs in-
10 creased;

11 “(B) issues related to student financial as-
12 sistance for distance education;

13 “(C) effective technologies and alternative
14 methodologies for delivering student financial
15 assistance;

16 “(D) the extent of the cost savings to the
17 institution, the student, and the Federal Gov-
18 ernment by virtue of the waivers provided, and
19 an estimate as to future cost savings should the
20 demonstration program continue;

21 “(E) the extent to which students saved
22 money by virtue of completing their postsec-
23 ondary education sooner;

1 “(F) the extent to which the institution re-
2 duced its tuition and fees and its costs by virtue
3 of participation in the demonstration program;

4 “(G) the extent to which any collaborative
5 arrangements with other institutions or organi-
6 zations have reduced the participating institu-
7 tion’s costs; and

8 “(H) the extent to which statutory or reg-
9 ulatory requirements not waived under the dem-
10 onstration program present difficulties for stu-
11 dents or institutions.

12 “(2) POLICY ANALYSIS.—The Secretary shall
13 review current policies and identify those policies
14 that present impediments to the development and
15 use of distance education and other nontraditional
16 methods of expanding access to education.

17 “(3) REPORTS.—The Secretary shall provide a
18 report to the authorizing committees on a biennial
19 basis regarding—

20 “(A) the demonstration program author-
21 ized under this section;

22 “(B) the results of the evaluations con-
23 ducted under paragraph (1);

1 “(C) the cost savings to the Federal Gov-
2 ernment by the demonstration program author-
3 ized by this section; and

4 “(D) recommendations for changes to in-
5 crease the efficiency and effective delivery of fi-
6 nancial aid.

7 “(g) OVERSIGHT.—In conducting the demonstration
8 program authorized under this section, the Secretary
9 shall, on a continuing basis—

10 “(1) ensure compliance of institutions or sys-
11 tems of institutions with the requirements of this
12 title (other than the sections and regulations that
13 are waived under subsection (b)(2));

14 “(2) provide technical assistance to institutions
15 in their application to and participation in the dem-
16 onstration program;

17 “(3) monitor fluctuations in the student popu-
18 lation enrolled in the participating institutions or
19 systems of institutions;

20 “(4) monitor changes in financial assistance
21 provided at the institution; and

22 “(5) consult with appropriate accrediting agen-
23 cies or associations and appropriate State regulatory
24 authorities.

1 “(h) TERMINATION OF AUTHORITY.—The authority
2 of the Secretary under this section shall cease to be effec-
3 tive on October 1, 2010.”.

4 **SEC. 490. PROGRAM PARTICIPATION AGREEMENTS.**

5 (a) REFUND POLICIES.—Section 487(a) (20 U.S.C.
6 1094(a)) is amended—

7 (1) in paragraph (22), by striking “refund pol-
8 icy” and inserting “policy on the return of title IV
9 funds”; and

10 (2) in paragraph (23)—

11 (A) by moving subparagraph (C) 2 em
12 spaces to the left; and

13 (B) by adding after such subparagraph the
14 following new subparagraph:

15 “(D) An institution shall be considered in com-
16 pliance with the requirements of subparagraph (A)
17 for any student to whom the institution electroni-
18 cally transmits a message containing a voter reg-
19 istration form acceptable for use in the State in
20 which the institution is located, or an Internet ad-
21 dress where such a form can be downloaded, pro-
22 vided such information is in an electronic message
23 devoted to voter registration.”.

24 (b) AUDIT REQUIREMENTS.—Section 487(c)(1)(A)(i)
25 (20 U.S.C. 1094(c)(1)(A)(i)) is amended by inserting be-

1 fore the semicolon at the end the following: “, except that
2 the Secretary may modify the requirements of this clause
3 with respect to institutions of higher education that are
4 foreign institutions, and may waive such requirements
5 with respect to a foreign institution whose students receive
6 less than \$500,000 in loans under this title during the
7 award year preceding the audit period;”.

8 (c) REPORTS ON DISCIPLINARY PROCEEDINGS.—

9 (1) AMENDMENT.—Section 487(a) (20 U.S.C.
10 1094(a)) is amended by adding at the end the fol-
11 lowing new paragraph:

12 “(24) The institution will disclose to the alleged
13 victim of any crime of violence (as that term is de-
14 fined in section 16 of title 18), or a nonforcible sex
15 offense, the final results of any disciplinary pro-
16 ceeding conducted by such institution against a stu-
17 dent who is the alleged perpetrator of such crime or
18 offense with respect to such crime or offense. If the
19 alleged victim of such crime or offense is deceased,
20 the next of kin of such victim shall be treated as the
21 alleged victim for purposes of this paragraph.”.

22 (2) EFFECTIVE DATE.—The amendment made
23 by paragraph (1) shall apply with respect to any dis-
24 ciplinary proceeding conducted by such institution

1 on or after one year after the date of enactment of
2 this Act.

3 **SEC. 491. ADDITIONAL TECHNICAL AND CONFORMING**
4 **AMENDMENTS.**

5 Part G is further amended as follows:

6 (1) Section 483(d) (20 U.S.C. 1090(d)) is
7 amended by striking “that is authorized under sec-
8 tion 685(d)(2)(C)” and inserting “, or another ap-
9 propriate provider of technical assistance and infor-
10 mation on postsecondary educational services, that is
11 supported under section 685”.

12 (2) Section 484 (20 U.S.C. 1091) is amended—

13 (A) in subsection (a)(4), by striking “cer-
14 tification,,” and inserting “certification,”;

15 (B) in subsection (b)(2)—

16 (i) in the matter preceding subpara-
17 graph (A), by striking “section 428A” and
18 inserting “section 428H”;

19 (ii) in subparagraph (A), by inserting
20 “and” after the semicolon at the end
21 thereof;

22 (iii) in subparagraph (B), by striking
23 “; and” and inserting a period; and

24 (iv) by striking subparagraph (C); and

1 (C) in subsection (l)(1)(B)(i), by striking
2 “section 521(4)(C) of the Carl D. Perkins Vo-
3 cational and Applied Technology Education
4 Act” and inserting “section 3(3)(C) of the Carl
5 D. Perkins Vocational and Technical Education
6 Act of 1998”.

7 (3) Section 485B(a) (20 U.S.C. 1092b(a)) is
8 amended—

9 (A) by redesignating paragraphs (6)
10 through (10) as paragraphs (7) through (11),
11 respectively;

12 (B) by redesignating the paragraph (5) (as
13 added by section 2008 of Public Law 101–239)
14 as paragraph (6); and

15 (C) in paragraph (5) (as added by section
16 204(3) of the National Community Service Act
17 of 1990 (Public Law 101–610))—

18 (i) by striking “(22 U.S.C. 2501 et
19 seq.),” and inserting “(22 U.S.C. 2501 et
20 seq.),”; and

21 (ii) by striking the period at the end
22 thereof and inserting a semicolon.

23 (4) Section 491(e) (20 U.S.C. 1098(e)) is
24 amended by adding at the end the following new
25 paragraph:

1 “(3) The appointment of members under subpara-
2 graphs (A) and (B) of paragraph (1) shall be effective
3 upon publication of the appointment in the Congressional
4 Record.”.

5 (5) Section 491(k) (20 U.S.C. 1098(k)) is
6 amended by striking “2004” and inserting “2011”.

7 (6) Section 493A (20 U.S.C. 1098c) is re-
8 pealed.

9 (7) Section 498 (20 U.S.C. 1099c) is amend-
10 ed—

11 (A) in subsection (c)(2), by striking “for
12 profit,” and inserting “for-profit,”; and

13 (B) in subsection (d)(1)(B), by inserting
14 “and” after the semicolon at the end thereof.

15 **PART H—PROGRAM INTEGRITY**

16 **SEC. 495. ACCREDITATION.**

17 (a) STANDARDS FOR ACCREDITATION.—Section
18 496(a) (20 U.S.C. 1099b(a)) is amended—

19 (1) in paragraph (3)—

20 (A) by inserting “or” after the semicolon
21 at the end of subparagraph (A);

22 (B) by striking subparagraph (B); and

23 (C) by redesignating subparagraph (C) as
24 subparagraph (B);

25 (2) in paragraph (4)—

1 (A) by inserting “(A)” after “(4)”;

2 (B) by inserting “and” after the semicolon
3 at the end thereof; and

4 (C) by adding at the end the following new
5 subparagraph:

6 “(B) if such agency or association already has
7 or seeks to include within its scope of recognition
8 the evaluation of the quality of institutions or pro-
9 grams offering distance education, such agency or
10 association shall, in addition to meeting the other re-
11 quirements of this subpart—

12 “(i) demonstrate to the Secretary that,
13 through application of its standards, proce-
14 dures, and policies, particularly those required
15 under paragraph (5) of this subsection, the
16 agency or association determines that the qual-
17 ity of instruction and student support services
18 for distance education is comparable to that
19 provided by the institution in its classrooms and
20 on its campuses (or if distance education is the
21 only mode of delivery used by the institution,
22 comparable to the quality of instruction and
23 student support services provided in campus
24 settings); and

1 “(ii) evaluate how an institution offering
2 distance education ensures the integrity of stu-
3 dent participation in its distance education pro-
4 grams;”.

5 (D) by inserting after “standards” the fol-
6 lowing: “(including standards to assess the
7 quality of distance education that are com-
8 parable to the standards used for face-to-face
9 classroom instruction)”;

10 (3) in paragraph (5)—

11 (A) by amending subparagraph (A) to read
12 as follows:

13 “(A) success with respect to student
14 achievement in relation to the institution’s mis-
15 sion, including, as appropriate, consideration of
16 student academic achievement as determined by
17 the institution (in accordance with standards of
18 the accrediting agency or association) related to
19 each institution’s articulation of desired learn-
20 ing outcomes, retention, course and program
21 completion, State licensing examinations, and
22 job placement rates; and other student perform-
23 ance data selected by the institution, particu-
24 larly data used by the institution to evaluate or
25 strengthen its educational programs, and in-

1 including thresholds for course completion and
2 job placement rates if the institution offers cer-
3 tificate-granting vocation or technical pro-
4 grams;”;

5 (B) in subparagraph (E), by striking “fis-
6 cal and administrative capacity” and inserting
7 “fiscal, administrative, and governance capac-
8 ity”; and

9 (C) by amending subparagraph (I) to read
10 as follows:

11 “(I) record of student complaints received
12 by the agency or association, including those re-
13 sulting from the process described in section
14 485(a)(1)(J); and”;

15 (4) by striking “and” at the end of paragraph
16 (7); and

17 (5) by striking paragraph (8) and inserting the
18 following:

19 “(8) such agency or association shall make
20 available to the public, and submit to the Secretary,
21 for use in consumer information programs, a sum-
22 mary of agency or association actions, including—

23 “(A) the award of accreditation or re-
24 accreditation of an institution and any findings

1 made in connection with the accreditation or re-
2 accreditation;

3 “(B) final denial, withdrawal, suspension,
4 or termination of accreditation, or placement on
5 probation of an institution;

6 “(C) any other adverse action taken with
7 respect to an institution;

8 “(D) a list of the individuals who comprise
9 the inspection and review teams for each agency
10 or association, including each individual’s name,
11 agency affiliation, and relevant professional ex-
12 perience;

13 “(E) a description of the agency’s or asso-
14 ciation’s process for selecting, training, and
15 evaluating such individuals; and

16 “(F) the agency’s or association’s code of
17 conduct for its commissioners and such individ-
18 uals; and

19 “(9) such agency or association shall—

20 “(A) review, during its onsite comprehen-
21 sive review, the transfer of credit policies of
22 programs and institutions under its accredita-
23 tion; and

24 “(B) not adopt or apply standards, poli-
25 cies, or practices that restrict or deny the trans-

1 fer of credits earned by a student completing
2 courses or programs at other eligible institu-
3 tions of higher education solely on the basis of
4 the agency or association that accredited such
5 other eligible institution if that agency or asso-
6 ciation—

7 “(i) is recognized by the Secretary
8 pursuant to this section to be a reliable au-
9 thority as to the quality of the education
10 or training offered; and

11 “(ii) is currently listed by the Sec-
12 retary pursuant to section 101(c).”.

13 (b) OPERATING PROCEDURES.—Section 496(c) (20
14 U.S.C. 1099b(c)) is amended—

15 (1) by inserting “(including those regarding dis-
16 tance education), and have several years of related
17 experience” before the semicolon at the end of para-
18 graph (1);

19 (2) by striking “and” at the end of paragraph
20 (5);

21 (3) by striking the period at the end of para-
22 graph (6) and inserting a semicolon; and

23 (4) by inserting after paragraph (6) the fol-
24 lowing new paragraphs:

1 “(7) ensures that its onsite comprehensive re-
2 views for accreditation or reaccreditation include
3 evaluation of the substance of the information re-
4 quired in subparagraphs (G) and (H) of section
5 485(a)(1);

6 “(8) confirms as a part of its review for accred-
7 itation or reaccreditation that the institution has
8 transfer policies that are publicly disclosed and con-
9 sistentlly applied;

10 “(9) develops as required in subsection (a)(8),
11 a summary available to the public of the agency’s
12 action and the significant findings related to that ac-
13 tion;

14 “(10) includes, in its evaluation for accredita-
15 tion or reaccreditation, review of the transfer of
16 credit policies of the program or institution to assure
17 that transfer policies do not deny transfer of credit
18 based solely on the accreditation of the sending pro-
19 gram or institution, except that nothing in this re-
20 view shall restrict the right of the receiving program
21 or institution to determine, on any other basis or on
22 a combination of that basis together with other
23 bases, the credits the receiving program or institu-
24 tion will accept for transfer; and

1 “(11) monitors the growth of distance edu-
2 cation programs, evaluating, as appropriate, the de-
3 velopment and management of such programs at in-
4 stitutions that are experiencing significant growth in
5 distance education.”.

6 (c) LIMITATION, SUSPENSION, AND TERMINATION OF
7 RECOGNITION.—Section 496(l) is amended by adding at
8 the end the following new paragraph:

9 “(3) The Secretary shall provide an annual report to
10 Congress on the status of any agency or association for
11 which the Secretary has limited, suspended or terminated
12 recognition under this subsection.”.

13 (d) COLLEGE CONSUMER PROFILE.—Section 496 is
14 further amended—

15 (1) by redesignating subsection (o) as sub-
16 section (p); and

17 (2) by inserting after subsection (n):

18 “(o) COLLEGE CONSUMER PROFILE.—

19 “(1) INFORMATION DISSEMINATION.—No ac-
20 crediting agency or association shall be recognized
21 by the Secretary as a reliable authority as to the
22 quality of the education or training offered by an in-
23 stitution seeking to participate in the programs au-
24 thorized under this title, unless the agency ensures
25 each institution subject to its jurisdiction makes

1 publicly available in a uniform and comprehensible
2 manner, a college consumer profile including, at
3 minimum, information on the institution's—

4 “(A) mission;

5 “(B) student demographics;

6 “(C) accreditation;

7 “(D) faculty/student ratios;

8 “(E) faculty qualifications, including the
9 number of faculty with terminal degrees;

10 “(F) tuition, fees, and other costs of at-
11 tending the institution;

12 “(G) student services, including services
13 for students with disabilities;

14 “(H) policies and procedures for evaluating
15 and accepting credits earned by students trans-
16 ferring from other institutions and the percent-
17 age of such credits accepted;

18 “(I) completion and graduation rates; and

19 “(J) placement rates and other measures
20 of success in preparing students for entry into
21 or advancement in the workforce.

22 “(2) PUBLICATION OF COLLEGE CONSUMER
23 PROFILE.—The contents of the college consumer
24 profile required by paragraph (1) shall be made pub-
25 lic through dissemination via the Secretary's data

1 collection and dissemination system. The informa-
2 tion required to be disclosed by section 485 may be
3 used by the institution to provide (where applicable)
4 the contents of the college consumer profile, but
5 nothing in this subsection shall be construed to re-
6 lieve the institution of any information disclosure re-
7 quirement of such section.”.

8 **TITLE V—DEVELOPING** 9 **INSTITUTIONS**

10 **SEC. 501. DEFINITIONAL CHANGES.**

11 Section 502(a) (20 U.S.C. 1101a(a)) is amended—

12 (1) in paragraph (5)—

13 (A) by inserting “and” after the semicolon
14 at the end of subparagraph (A);

15 (B) by inserting “at the end of the award
16 year immediately preceding the date of applica-
17 tion” after “Hispanic students” in subpara-
18 graph (B);

19 (C) by striking “; and” at the end of sub-
20 paragraph (B) and inserting a period; and

21 (D) by striking subparagraph (C); and

22 (2) by striking paragraph (7).

23 **SEC. 502. ASSURANCE OF ENROLLMENT OF NEEDY STU-** 24 **DENTS.**

25 Section 511(c) (20 U.S.C. 1103(c)) is amended—

1 (1) by redesignating paragraphs (8) and (9) as
2 paragraphs (9) and (10), respectively; and

3 (2) by inserting after paragraph (7) the fol-
4 lowing new paragraph:

5 “(8) contain such assurances as the Secretary
6 may require that the institution has an enrollment
7 of needy students as required by section 502(b);”.

8 **SEC. 503. ADDITIONAL AMENDMENTS.**

9 Title V is further amended—

10 (1) in section 502(a)(2)(A) (20 U.S.C.
11 1101a(a)(2)(A)), by redesignating clauses (v) and
12 (vi) as clauses (vi) and (vii), respectively, and insert-
13 ing after clause (iv) the following new clause:

14 “(v) which provides a program of not
15 less than 2 years that is acceptable for full
16 credit toward a bachelor’s degree; and”;

17 (2) in section 503(b) (20 U.S.C. 1101b(b))—

18 (A) by amending paragraph (2) to read as
19 follows:

20 “(2) Construction, maintenance, renovation,
21 and improvement in classrooms, libraries, labora-
22 tories, and other instructional facilities, including
23 purchase or rental of telecommunications technology
24 equipment or services, and the acquisition of real

1 property adjacent to the campus of the institution
2 on which to construct such facilities.”;

3 (B) by amending paragraph (12) to read
4 as follows:

5 “(12) Establishing community outreach pro-
6 grams and collaborative partnerships between His-
7 panic-serving institutions and local elementary or
8 secondary schools. Such partnerships may include
9 mentoring, tutoring, or other instructional opportu-
10 nities that will boost student academic achievement
11 and assist elementary and secondary school students
12 in developing the academic skills and the interest to
13 pursue postsecondary education.”;

14 (C) by redesignating paragraphs (5)
15 through (14) as paragraphs (6) through (15),
16 respectively; and

17 (D) by inserting after paragraph (4) the
18 following:

19 “(5) Education or counseling services designed
20 to improve the financial literacy and economic lit-
21 eracy of students and, as appropriate, their par-
22 ents.”; and

23 (3) in section 504(a) (20 U.S.C. 1101c(a))—

24 (A) by striking the following:

25 “(a) AWARD PERIOD.—

1 “(1) IN GENERAL.—The Secretary” and insert-
2 ing the following:

3 “(a) AWARD PERIOD.—The Secretary”; and

4 (B) by striking paragraph (2).

5 **SEC. 504. TITLE V AUTHORIZATION.**

6 Subsection (a) of section 518 of such Act (20 U.S.C.
7 1103g(a)) is amended to read as follows:

8 “(a) AUTHORIZATIONS OF APPROPRIATIONS.—There
9 are authorized to be appropriated to carry out this title
10 \$96,000,000 for fiscal year 2005 and such sums as may
11 be necessary for each of the 5 succeeding fiscal years.”.

12 **TITLE VI—TITLE VI**
13 **AMENDMENTS**

14 **SEC. 601. SENSE OF THE HOUSE.**

15 It is the sense of the House of Representatives that
16 title VI of the Higher Education Act of 1965 should be
17 amended as provided in H.R. 3077 as passed by the House
18 of Representatives on October 21, 2003.

19 **TITLE VII—TITLE VII**
20 **AMENDMENTS**

21 **SEC. 701. SENSE OF THE HOUSE.**

22 It is the sense of the House of Representatives that
23 title VII of the Higher Education Act of 1965 should be
24 amended as provided in H.R. 3076 as passed by the House
25 of Representatives on October 21, 2003.

1 **TITLE VIII—CLERICAL**
2 **AMENDMENTS**

3 **SEC. 801. CLERICAL AMENDMENTS.**

4 (a) DEFINITION.—Section 103 (20 U.S.C. 1003) is
5 amended—

6 (1) by redesignating paragraphs (1) through
7 (16) as paragraphs (2) through (17), respectively;
8 and

9 (2) by inserting before paragraph (2) (as so re-
10 designated) the following new paragraph:

11 “(1) AUTHORIZING COMMITTEES.—The term
12 ‘authorizing committees’ means the Committee on
13 Health, Education, Labor, and Pensions of the Sen-
14 ate and the Committee on Education and the Work-
15 force of the House of Representatives.”.

16 (b) COMMITTEES.—

17 (1) The following provisions are each amended
18 by striking “Committee on Labor and Human Re-
19 sources of the Senate and the Committee on Edu-
20 cation and the Workforce of the House of Rep-
21 resentatives” and inserting “authorizing commit-
22 tees”:

23 (A) Section 131(a)(3)(B) (20 U.S.C.
24 1015(a)(3)(B)).

1 (B) Section 131(c)(4) (20 U.S.C.
2 1015(c)(4)).

3 (C) Section 206(d) (20 U.S.C. 1026(d)).

4 (D) Section 207(c)(1) (20 U.S.C.
5 1027(c)(1)).

6 (E) Section 428(g) (20 U.S.C. 1078(g)).

7 (F) Section 428A(a)(4) (20 U.S.C. 1078–
8 1(a)(4)).

9 (G) Section 428A(c)(2) (20 U.S.C. 1078–
10 1(c)(2)).

11 (H) Section 428A(c)(3) (20 U.S.C. 1078–
12 1(c)(3)).

13 (I) Section 428A(c)(5) (20 U.S.C. 1078–
14 1(c)(5)).

15 (J) Section 455(b)(8)(B) (20 U.S.C.
16 1087e(b)(8)(B)).

17 (K) Section 483(e) (20 U.S.C. 1090(c)).

18 (L) Section 486(e) (20 U.S.C. 1093(e)).

19 (M) Section 486(f)(3)(A) (20 U.S.C.
20 1093(f)(3)(A)).

21 (N) Section 486(f)(3)(B) (20 U.S.C.
22 1093(f)(3)(B)).

23 (O) Section 487A(a)(5) (20 U.S.C.
24 1094a(a)(5)).

1 (P) Section 487A(b)(2) (20 U.S.C.
2 1094a(b)(2)).

3 (Q) Section 487A(b)(3)(B) (20 U.S.C.
4 1094a(b)(3)(B)).

5 (R) Section 498B(d)(1) (20 U.S.C. 1099c-
6 2(d)(1)).

7 (S) Section 498B(d)(2) (20 U.S.C. 1099c-
8 2(d)(2)).

9 (2) The following provisions are each amended
10 by striking “Committee on Education and the Work-
11 force of the House of Representatives and the Com-
12 mittee on Labor and Human Resources of the Sen-
13 ate” and inserting “authorizing committees”:

14 (A) Section 141(d)(4)(B) (20 U.S.C.
15 1018(d)(4)(B)).

16 (B) Section 428(n)(4) (20 U.S.C.
17 1078(n)(4)).

18 (C) Section 485(f)(5)(A) (20 U.S.C.
19 1092(f)(5)(A)).

20 (D) Section 485(g)(4)(B) (20 U.S.C.
21 1092(g)(4)(B)).

22 (3) Section 206(a) (20 U.S.C. 1026(a)) is
23 amended by striking “, the Committee on Labor and
24 Human Resources of the Senate, and the Committee
25 on Education and the Workforce of the House of

1 Representatives” and inserting “and the authorizing
2 committees”.

3 (4) Section 401(f)(3) (20 U.S.C. 1070a(f)(3))
4 is amended by striking “Committee on Appropria-
5 tions and the Committee on Labor and Human Re-
6 sources of the Senate and the Committee on Appro-
7 priations and the Committee on Education and the
8 Workforce of the House of Representatives” and in-
9 serting “Committees on Appropriations of the Sen-
10 ate and House of Representatives and the author-
11 izing committees”.

12 (5) Section 428(c)(9)(K) (20 U.S.C.
13 1078(c)(9)(K)) is amended by striking “House Com-
14 mittee on Education and the Workforce and the
15 Senate Committee on Labor and Human Resources”
16 and inserting “authorizing committees”.

17 (6) Section 428I(h) (20 U.S.C. 1078–9(h)) is
18 amended by striking “Chairman of the Senate Labor
19 and Human Resources Committee and the House
20 Committee on Education and Labor” and inserting
21 “chairpersons of the authorizing committees”.

22 (7) Section 432(f)(1)(C) (20 U.S.C.
23 1082(f)(1)(C)) is amended by striking “Committee
24 on Education and the Workforce of the House of
25 Representatives or the Committee on Labor and

1 Human Resources of the Senate” and inserting “ei-
2 ther of the authorizing committees”.

3 (8) Section 439(d)(1)(E)(iii) (20 U.S.C. 1087-
4 2(d)(1)(E)(iii)) is amended by striking “Chairman
5 and the Ranking Member on the Committee on
6 Labor and Human Resources of the Senate and the
7 Chairman and the Ranking Member of the Com-
8 mittee on Education and Labor of the House of
9 Representatives” and inserting “chairpersons and
10 ranking minority members of the authorizing com-
11 mittees”.

12 (9) Paragraphs (3) and (8)(C) of section 439(r)
13 (20 U.S.C. 1087-2(r)) are each amended by striking
14 “Chairman and ranking minority member of the
15 Committee on Labor and Human Resources of the
16 Senate, the Chairman and ranking minority member
17 of the Committee on Education and Labor of the
18 House of Representatives,” and inserting “chair-
19 persons and ranking minority members of the au-
20 thorizing committees”.

21 (10) Paragraphs (5)(B) and (10) of section
22 439(r) (20 U.S.C. 1087-2(r)) are each amended by
23 striking “Chairman and ranking minority member of
24 the Senate Committee on Labor and Human Re-
25 sources and to the Chairman and ranking minority

1 member of the House Committee on Education and
2 Labor” and inserting “chairpersons and ranking mi-
3 nority members of the authorizing committees”.

4 (11) Section 439(r)(6)(B) (20 U.S.C. 1087–
5 2(r)(6)(B)) is amended by striking “Chairman and
6 ranking minority member of the Committee on
7 Labor and Human Resources of the Senate and to
8 the Chairman and ranking minority member of the
9 Committee on Education and Labor of the House of
10 Representatives” and inserting “chairpersons and
11 ranking minority members of the authorizing com-
12 mittees”.

13 (12) Section 439(s)(2)(A) (20 U.S.C. 1087–
14 2(s)(2)(A)) is amended by striking “Chairman and
15 Ranking Member of the Committee on Labor and
16 Human Resources of the Senate and the Chairman
17 and Ranking Member of the Committee on Eco-
18 nomic and Educational Opportunities of the House
19 of Representatives” and inserting “chairpersons and
20 ranking minority members of the authorizing com-
21 mittees”.

22 (13) Section 439(s)(2)(B) (20 U.S.C. 1087–
23 2(s)(2)(B)) is amended by striking “Chairman and
24 Ranking Minority Member of the Committee on
25 Labor and Human Resources of the Senate and

1 Chairman and Ranking Minority Member of the
2 Committee on Economic and Educational Opportu-
3 nities of the House of Representatives” and insert-
4 ing “chairpersons and ranking minority members of
5 the authorizing committees”.

6 (14) Section 482(d) (20 U.S.C. 1089(d)) is
7 amended by striking “Committee on Labor and
8 Human Resources of the Senate and the Committee
9 on Education and Labor of the House of Represent-
10 atives” and inserting “authorizing committees”.

11 (c) ADDITIONAL CLERICAL AMENDMENTS.—

12 (1) Clauses (i) and (ii) of section 425(a)(2)(A)
13 (20 U.S.C. 1075(a)(2)(A)) are each amended by
14 striking “428A or 428B” and inserting “428B or
15 428H”.

16 (2) Section 428(a)(2)(E) (20 U.S.C.
17 1078(a)(2)(E)) is amended by striking “428A or”.

18 (3) Clauses (i) and (ii) of section 428(b)(1)(B)
19 (20 U.S.C. 1078(b)(1)(B)) are each amended by
20 striking “428A or 428B” and inserting “428B or
21 428H”.

22 (4) Section 428(b)(1)(Q) (20 U.S.C.
23 1078(b)(1)(Q)) is amended by striking “sections
24 428A and 428B” and inserting “section 428B or
25 428H”.

1 (5) Section 428(b)(7)(C) (20 U.S.C.
2 1078(b)(7)(C)) is amended by striking “428A,
3 428B,” and inserting “428B”.

4 (6) Section 428G(c)(2) (20 U.S.C. 1078–
5 7(c)(2)) is amended by striking “428A” and insert-
6 ing “428H”.

7 (7) The heading for section 433(e) (20 U.S.C.
8 1083(e)) is amended by striking “SLS LOANS
9 AND”.

10 (8) Section 433(e) (20 U.S.C. 1083(e)) is
11 amended by striking “428A, 428B,” and inserting
12 “428B”.

13 (9) Section 435(a)(3) (20 U.S.C. 1085(a)(3)) is
14 amended—

15 (A) by inserting “or” at the end of sub-
16 paragraph (A);

17 (B) by striking subparagraph (B); and

18 (C) by redesignating subparagraph (C) as
19 subparagraph (B).

20 (10) Section 435(d)(1)(G) (20 U.S.C.
21 1085(d)(1)(G)) is amended by striking “428A(d),
22 428B(d), 428C,” and inserting “428B(d), 428C,
23 428H,”.

24 (11) Section 435(m) (20 U.S.C. 1085(m)) is
25 amended—

1 (A) in paragraph (1)(A), by striking “,
2 428A,”; and

3 (B) in paragraph (2)(D), by striking
4 “428A” each place it appears and inserting
5 “428H”.

6 (12) Section 438(b)(2)(D) (20 U.S.C. 1087–
7 1(b)(2)(D)) is amended by striking “division (i) of
8 this subparagraph” and inserting “clause (i) of this
9 subparagraph”.

10 (13) Section 438(c)(6) (20 U.S.C. 1087–
11 1(c)(6)) is amended—

12 (A) by striking “SLS AND PLUS” in the
13 heading and inserting “PLUS”; and

14 (B) by striking “428A or”.

15 (14) Section 438(c)(7) (20 U.S.C. 1087–
16 1(c)(7)) is amended by striking “428A or”.

17 (15) Nothing in the amendments made by this
18 subsection shall be construed to alter the terms, con-
19 ditions, and benefits applicable to Federal supple-
20 mental loans for students (“SLS loans”) under sec-
21 tion 428A as in effect prior to July 1, 1994 (20
22 U.S.C. 1078–1).

1 **TITLE IX—STUDENT LOAN FOR-**
2 **GIVENESS FOR FAMILIES OF**
3 **9/11 VICTIMS**

4 **SEC. 901. CANCELLATION OF STUDENT LOAN INDEBTED-**
5 **NESS FOR SPOUSES, SURVIVING JOINT DEBT-**
6 **ORS, AND PARENTS.**

7 (a) DEFINITIONS.—For purposes of this section:

8 (1) ELIGIBLE PUBLIC SERVANT.—The term “el-
9 igible public servant” means an individual who—

10 (A) served as a police officer, firefighter,
11 other safety or rescue personnel, or as a mem-
12 ber of the Armed Forces; and

13 (B) died (or dies) or became (or becomes)
14 permanently and totally disabled due to injuries
15 suffered in the terrorist attack on September
16 11, 2001;

17 as determined in accordance with regulations of the
18 Secretary.

19 (2) ELIGIBLE VICTIM.—The term “eligible vic-
20 tim” means an individual who died (or dies) or be-
21 came (or becomes) permanently and totally disabled
22 due to injuries suffered in the terrorist attack on
23 September 11, 2001, as determined in accordance
24 with regulations of the Secretary.

1 (3) ELIGIBLE PARENT.—The term “eligible
2 parent” means the parent of an eligible victim if—

3 (A) the parent owes a Federal student loan
4 that is a consolidation loan that was used to
5 repay a PLUS loan incurred on behalf of such
6 eligible victim; or

7 (B) the parent owes a Federal student loan
8 that is a PLUS loan incurred on behalf of an
9 eligible victim who became (or becomes) perma-
10 nently and totally disabled due to injuries suf-
11 fered in the terrorist attack on September 11,
12 2001.

13 (4) SECRETARY.—The term “Secretary” means
14 the Secretary of Education.

15 (5) FEDERAL STUDENT LOAN.—The term
16 “Federal student loan” means any loan made, in-
17 sured, or guaranteed under part B, D, or E of title
18 IV of the Higher Education Act of 1965.

19 (b) RELIEF FROM INDEBTEDNESS.—

20 (1) IN GENERAL.—The Secretary shall provide
21 for the discharge or cancellation of—

22 (A) the Federal student loan indebtedness
23 of the spouse of an eligible public servant, as
24 determined in accordance with regulations of
25 the Secretary, including any consolidation loan

1 that was used jointly by the eligible public serv-
2 ant and his or her spouse to repay the Federal
3 student loans of the spouse and the eligible
4 public servant;

5 (B) the portion incurred on behalf of the
6 eligible victim (other than an eligible public
7 servant), of a Federal student loan that is a
8 consolidation loan that was used jointly by the
9 eligible victim and his or her spouse, as deter-
10 mined in accordance with regulations of the
11 Secretary, to repay the Federal student loans of
12 the eligible victim and his or her spouse;

13 (C) the portion of the consolidation loan
14 indebtedness of an eligible parent that was in-
15 curred on behalf of an eligible victim; and

16 (D) the PLUS loan indebtedness of an eli-
17 gible parent that was incurred on behalf of an
18 eligible victim.

19 (2) METHOD OF DISCHARGE OR CANCELLA-
20 TION.—A loan required to be discharged or canceled
21 under paragraph (1) shall be discharged or canceled
22 by the method used under section 437(a), 455(a)(1),
23 or 464(c)(1)(F) of the Higher Education Act of
24 1965 (20 U.S.C. 1087(a), 1087e(a)(1),

1 1087dd(c)(1)(F)), whichever is applicable to such
2 loan.

3 (c) FACILITATION OF CLAIMS.—The Secretary
4 shall—

5 (1) establish procedures for the filing of appli-
6 cations for discharge or cancellation under this sec-
7 tion by regulations that shall be prescribed and pub-
8 lished within 90 days after the date of enactment of
9 this Act and without regard to the requirements of
10 section 553 of title 5, United States Code; and

11 (2) take such actions as may be necessary to
12 publicize the availability of discharge or cancellation
13 of Federal student loan indebtedness under this sec-
14 tion.

15 (d) AVAILABILITY OF FUNDS FOR PAYMENTS.—
16 Funds available for the purposes of making payments to
17 lenders in accordance with section 437(a) for the dis-
18 charge of indebtedness of deceased or disabled individuals
19 shall be available for making payments under section
20 437(a) to lenders of loans as required by this section.

21 (e) APPLICABLE TO OUTSTANDING DEBT.—The pro-
22 visions of this section shall be applied to discharge or can-
23 cel only Federal student loans (including consolidation
24 loans) on which amounts were owed on September 11,

1 2001. Nothing in this section shall be construed to author-
2 ize any refunding of any repayment of a loan.

3 **TITLE X—AMENDMENTS TO**
4 **OTHER EDUCATION LAWS**

5 **PART A—EDUCATION OF THE DEAF ACT OF 1986**

6 **SEC. 1001. LAURENT CLERC NATIONAL DEAF EDUCATION**
7 **CENTER.**

8 (a) GENERAL AUTHORITY.—Section 104(a)(1)(A) of
9 the Education of the Deaf Act of 1986 (20 U.S.C.
10 4304(a)(1)(A)) is amended by inserting after “maintain
11 and operate” the following: “, at the Laurent Clerc Na-
12 tional Deaf Education Center,”.

13 (b) ADMINISTRATIVE REQUIREMENTS.—

14 (1) IN GENERAL.—Section 104(b) of the Edu-
15 cation of the Deaf Act of 1986 (20 U.S.C. 4304(b))
16 is amended—

17 (A) in the matter preceding subparagraph
18 (A) of paragraph (1), by striking “elementary
19 and secondary education programs” and insert-
20 ing “Laurent Clerc National Deaf Education
21 Center”; and

22 (B) in paragraph (2), by striking “elemen-
23 tary and secondary education programs” and
24 inserting “Laurent Clerc National Deaf Edu-
25 cation Center”.

1 (2) ACADEMIC CONTENT STANDARDS, ACHIEVE-
2 MENT STANDARDS, AND ASSESSMENTS.—Section
3 104(b) of the Education of the Deaf Act of 1986
4 (20 U.S.C. 4304(b)) is amended by adding at the
5 end the following new paragraph:

6 “(5) The University, in consultation with the Sec-
7 retary, shall—

8 “(A) not later than the beginning of the 2006–
9 2007 academic year, adopt and implement academic
10 content standards, academic achievement standards,
11 and academic assessments as described in section
12 1111(b) of the Elementary and Secondary Edu-
13 cation Act of 1965 for the Laurent Clerc National
14 Deaf Education Center;

15 “(B) develop adequate yearly progress stand-
16 ards for the Center as described in section
17 1111(2)(C) of such Act; and

18 “(C) make available to the public the results of
19 such assessments, except in such case in which such
20 reporting would not yield statistically reliable infor-
21 mation or would reveal personally identifiable infor-
22 mation about an individual student.”.

23 **SEC. 1002. AUTHORITY.**

24 Section 111 of the Education of the Deaf Act of 1986
25 (20 U.S.C. 4331) is amended by striking “the institution

1 of higher education with which the Secretary has an agree-
2 ment under this part” and inserting “the Rochester Insti-
3 tute of Technology”.

4 **SEC. 1003. AGREEMENT FOR THE NATIONAL TECHNICAL IN-**
5 **STITUTE FOR THE DEAF.**

6 (a) GENERAL AUTHORITY.—Section 112(a) of the
7 Education of the Deaf Act of 1986 (20 U.S.C. 4332(a))
8 is amended—

9 (1) in paragraph (1)—

10 (A) in the first sentence—

11 (i) by striking “an institution of high-
12 er education” and inserting “the Rochester
13 Institute of Technology, Rochester, New
14 York,”; and

15 (ii) by striking “of a” and inserting
16 “of the”; and

17 (B) by striking the second sentence; and

18 (2) in paragraph (2)—

19 (A) in the matter preceding subparagraph
20 (A), by striking “the institution of higher edu-
21 cation with which the Secretary has an agree-
22 ment under this section” and inserting “the
23 Rochester Institute of Technology”; and

1 (B) in subparagraph (B), by striking “the
2 institution” and inserting “the Rochester Insti-
3 tute of Technology”.

4 (b) PROVISIONS OF AGREEMENT.—Section 112(b) of
5 the Education of the Deaf Act of 1986 (20 U.S.C.
6 4332(b)) is amended—

7 (1) in paragraph (2), by striking “or other gov-
8 erning body of the institution” and inserting “of the
9 Rochester Institute of Technology”; and

10 (2) in paragraph (3)—

11 (A) by striking “or other governing body of
12 the institution” and inserting “of the Rochester
13 Institute of Technology”;

14 (B) by striking “the institution of higher
15 education under the agreement with the Sec-
16 retary” and inserting “the Rochester Institute
17 of Technology by the National Technical Insti-
18 tute for the Deaf”; and

19 (C) by striking “Committee on Education
20 and Labor of the House of Representatives and
21 to the Committee on Labor and Human Re-
22 sources of the Senate” and inserting “Com-
23 mittee on Education and the Workforce of the
24 House of Representatives and to the Committee

1 on Health, Education, Labor, and Pensions of
2 the Senate”.

3 (c) LIMITATION.—Section 112(c) of the Education of
4 the Deaf Act of 1986 (20 U.S.C. 4332(c)) is amended in
5 paragraphs (1) and (2) by striking “institution” each
6 place it appears and inserting “Rochester Institute of
7 Technology”.

8 **SEC. 1004. DEFINITIONS.**

9 Section 201 of the Education of the Deaf Act of 1986
10 (20 U.S.C. 4351) is amended—

11 (1) by striking paragraph (3);

12 (2) by redesignating paragraphs (4) through
13 (7) as paragraphs (3) through (6), respectively; and

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

16 “(7) The term ‘RIT’ means the Rochester Insti-
17 tute of Technology.”.

18 **SEC. 1005. AUDIT.**

19 (a) INDEPENDENT FINANCIAL AND COMPLIANCE
20 AUDIT.—Section 203(b)(1) of the Education of the Deaf
21 Act of 1986 (20 U.S.C. 4353(b)(1)) is amended by strik-
22 ing the second sentence and inserting the following:
23 “NTID shall have an annual independent financial and
24 compliance audit made of RIT programs and activities,
25 including NTID programs and activities.”.

1 (b) COMPLIANCE.—Section 203(b)(2) of the Edu-
2 cation of the Deaf Act of 1986 (20 U.S.C. 4353(b)(2))
3 is amended by striking “sections” and all that follows
4 through “section 207” and inserting “sections 102(b),
5 105(b)(4), 112(b)(5), 203(c), 207(b)(2), subsections (c)
6 through (f) of section 207”.

7 (c) SUBMISSION OF AUDITS.—Section 203(b)(3) of
8 the Education of the Deaf Act of 1986 (20 U.S.C.
9 4353(b)(3)) is amended—

10 (1) by inserting after “Secretary” the following:
11 “and the Committee on Education and the Work-
12 force of the House of Representatives and the Com-
13 mittee on Health, Education, Labor, and Pensions
14 of the Senate”; and

15 (2) by striking “or the institution authorized to
16 establish and operate the NTID under section
17 112(a)” and inserting “or RIT”.

18 (d) LIMITATIONS REGARDING EXPENDITURE OF
19 FUNDS.—Section 203(c)(2)(A) of the Education of the
20 Deaf Act of 1986 (20 U.S.C. 4353(c)(2)(A)) is amended
21 in the fifth sentence by striking “the Committee on Edu-
22 cation and Labor of the House of Representatives and the
23 Committee on Labor and Human Resources of the Sen-
24 ate” and inserting “the Committee on Education and the
25 Workforce of the House of Representatives and the Com-

1 mittee on Health, Education, Labor, and Pensions of the
2 Senate”.

3 **SEC. 1006. REPORTS.**

4 (a) TECHNICAL AMENDMENTS.—Section 204 of the
5 Education of the Deaf Act of 1986 (20 U.S.C. 4354) is
6 amended in the matter preceding paragraph (1)—

7 (1) by striking “or other governing body of the
8 institution of higher education with which the Sec-
9 retary has an agreement under section 112” and in-
10 sserting “of RIT”; and

11 (2) by striking “Committee on Education and
12 Labor of the House of Representatives and the Com-
13 mittee on Labor and Human Resources of the Sen-
14 ate” and inserting “Committee on Education and
15 the Workforce of the House of Representatives and
16 the Committee on Health, Education, Labor, and
17 Pensions of the Senate”.

18 (b) CONTENTS OF REPORT.—Section 204 of the
19 Education of the Deaf Act of 1986 (20 U.S.C. 4354) is
20 amended—

21 (1) in paragraph (2)(C), by striking “upon
22 graduation/completion” and inserting “within one
23 year of graduation/completion”; and

24 (2) in paragraph (3)(B), by striking “of the in-
25 stitution of higher education with which the Sec-

1 retary has an agreement under section 112, includ-
2 ing specific schedules and analyses for all NTID
3 funds, as required under section 203” and inserting
4 “of RIT programs and activities”.

5 **SEC. 1007. LIAISON FOR EDUCATIONAL PROGRAMS.**

6 Section 206(a) of the Education of the Deaf Act of
7 1986 (20 U.S.C. 4356(a)) is amended by striking “Not
8 later than 30 days after the date of enactment of this Act,
9 the” and inserting “The”.

10 **SEC. 1008. FEDERAL ENDOWMENT PROGRAMS FOR GAL-**

11 **LAUDET UNIVERSITY AND THE NATIONAL**

12 **TECHNICAL INSTITUTE FOR THE DEAF.**

13 Section 207(a)(2) of the Education of the Deaf Act
14 of 1986 (20 U.S.C. 4357(a)(2)) is amended by striking
15 “or other governing body of the institution of higher edu-
16 cation with which the Secretary has an agreement under
17 section 112” and inserting “of RIT”.

18 **SEC. 1009. OVERSIGHT AND EFFECT OF AGREEMENTS.**

19 Section 208(a) of the Education of the Deaf Act of
20 1986 (20 U.S.C. 4359(a)) is amended—

21 (1) by striking “the institution of higher edu-
22 cation with which the Secretary has an agreement
23 under part B of title I” and inserting “RIT”; and

24 (2) by striking “Committee on Labor and
25 Human Resources of the Senate and the Committee

1 on Education and Labor of the House of Represent-
2 atives” and inserting “Committee on Education and
3 the Workforce of the House of Representatives and
4 the Committee on Health, Education, Labor, and
5 Pensions of the Senate”.

6 **SEC. 1010. AUTHORIZATION OF APPROPRIATIONS.**

7 (a) MONITORING AND EVALUATION ACTIVITIES.—
8 Section 205(e) of the Education of the Deaf Act of 1986
9 (20 U.S.C. 4355(e)) is amended by striking “fiscal years
10 1998 through 2003” and inserting “fiscal years 2004
11 through 2009”.

12 (b) FEDERAL ENDOWMENT PROGRAMS FOR GAL-
13 LAUDET UNIVERSITY AND THE NATIONAL TECHNICAL IN-
14 STITUTE FOR THE DEAF.—Section 207(h) of the Edu-
15 cation of the Deaf Act of 1986 (20 U.S.C. 4357(h)) is
16 amended in paragraphs (1) and (2) by striking “fiscal
17 years 1998 through 2003” each place it appears and in-
18 serting “fiscal years 2004 through 2009”.

19 (c) GENERAL AUTHORIZATION OF APPROPRIA-
20 TIONS.—Section 212 of the Education of the Deaf Act of
21 1986 (20 U.S.C. 4360a) is amended—

22 (1) in the matter preceding paragraph (1) in
23 subsection (a), by striking “fiscal years 1998
24 through 2003” and inserting “fiscal years 2004
25 through 2009”; and

1 (7) IMPROVING UNITED STATES UNDER-
2 STANDING OF SCIENCE, ENGINEERING, AND TECH-
3 NOLOGY IN EAST ASIA.—Part F (20 U.S.C. 1862
4 note).

5 (8) WEB-BASED EDUCATION COMMISSION.—
6 Part J.

7 (b) EXTENSIONS OF AUTHORIZATIONS AND STUD-
8 IES.—

9 (1) TRANSFER OF CREDIT.—Section 804(b) (20
10 U.S.C. 1099b note) is amended—

11 (A) by striking “one year after the date of
12 enactment of this Act” and inserting “Sep-
13 tember 30, 2006”; and

14 (B) by inserting “and policies of institu-
15 tions of higher education” after “agencies or
16 associations”.

17 (2) COHORT DEFAULT RATE STUDY.—Section
18 806 is amended—

19 (A) in subsection (a), by striking “higher
20 education at which less” and inserting “higher
21 education. The study shall also review the effect
22 of cohort default rates specifically on institu-
23 tions of higher education at which less”; and

1 (B) in subsection (c), by striking “Sep-
2 tember 30, 1999,” and inserting “September
3 30, 2006,”.

4 (3) VIOLENCE AGAINST WOMEN.—Section 826
5 (20 U.S.C. 1152) is amended—

6 (A) in subsection (g)—

7 (i) by striking “1999” and inserting
8 “2005”; and

9 (ii) by striking “4 succeeding” and in-
10 sserting “5 succeeding”; and

11 (B) by redesignating subsections (f) and
12 (g) as subsections (e) and (f), respectively.

13 (4) UNDERGROUND RAILROAD.—Subsection (c)
14 of section 841 (20 U.S.C. 1153(c)) is amended to
15 read as follows:

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated to carry out this section
18 \$3,000,000 for fiscal year 2005 and such sums as may
19 be necessary for each of the 5 succeeding fiscal years.”.

20 (e) DISBURSEMENT OF STUDENT LOANS.—Section
21 422(d) of the Higher Education Amendments of 1998
22 (Public Law 105–244; 112 Stat. 1696) is amended by
23 adding at the end the following new sentence: “Such
24 amendments shall also be effective on and after July 1,
25 2005.”.

1 **SEC. 1022. TRIBALLY CONTROLLED COLLEGE OR UNIVER-**
2 **SITY ASSISTANCE ACT OF 1978.**

3 (a) TITLE I AUTHORIZATION.—Section 110(a) of the
4 Tribally Controlled Community College or University As-
5 sistance Act of 1978 (25 U.S.C. 1810(a)) is amended—

6 (1) by striking “1999” each place it appears
7 and inserting “2005”; and

8 (2) by striking “4 succeeding” each place it ap-
9 pears and inserting “5 succeeding”.

10 (b) TITLE III REAUTHORIZATION.—Section 306(a)
11 of the Tribally Controlled Community College or Univer-
12 sity Assistance Act of 1978 (25 U.S.C. 1836(a)) is amend-
13 ed—

14 (1) by striking “1999” and inserting “2005”;
15 and

16 (2) by striking “4 succeeding” and inserting “5
17 succeeding”.

18 (c) TITLE IV REAUTHORIZATION.—Section 403 of
19 the Tribal Economic Development and Technology Re-
20 lated Education Assistance Act of 1990 (25 U.S.C. 1852)
21 is amended—

22 (1) by striking “1999” and inserting “2005”;
23 and

24 (2) by striking “4 succeeding” and inserting “5
25 succeeding”.

1 (d) ADDITIONAL AMENDMENTS.—The Tribally Con-
2 trolled Community College or University Assistance Act
3 of 1978 is further amended—

4 (1) in section 2(a)(6) (25 U.S.C. 1801(a)(6)),
5 by striking “in the field of Indian education” and in-
6 serting “in the field of Tribal Colleges and Univer-
7 sities and Indian higher education”;

8 (2) in section 2(b), by striking paragraph (5)
9 and inserting the following:

10 “(5) Eligible credits earned in a continuing
11 education program shall be determined as one credit
12 for every 10 contact hours for institutions on a
13 quarter system, and 15 contact hours for institu-
14 tions on a semester system, of participation in an or-
15 ganized continuing education experience under re-
16 sponsible sponsorship, capable direction, and quali-
17 fied instruction, as described in the criteria estab-
18 lished by the International Association for Con-
19 tinuing Education and Training, and may not exceed
20 20 percent of an institution’s total Indian student
21 count.”; and

22 (3) in section 103 (25 U.S.C. 1804), by striking
23 “and” at the end of paragraph (2), by striking the
24 period at the end of paragraph (3) and inserting “;

1 and”, and by inserting after paragraph (3) the fol-
2 lowing new paragraph:

3 “(4) has been accredited by a nationally recog-
4 nized accrediting agency or association determined
5 by the Secretary of Education to be a reliable au-
6 thority as to the quality of training offered, or is, ac-
7 cording to such an agency or association, making
8 reasonable progress toward accreditation.”.

9 **SEC. 1023. NAVAJO COMMUNITY COLLEGE ACT.**

10 Section 5(a)(1) of the Navajo Community College Act
11 (25 U.S.C. 640c–1(a)(1)) is amended—

12 (1) by striking “1999” and inserting “2005”;

13 and

14 (2) by striking “4 succeeding” and inserting “5
15 succeeding”.

16 **SEC. 1024. EDUCATION AMENDMENTS OF 1992.**

17 Section 1543(d) of the Education Amendments of
18 1992 (20 U.S.C. 1070 note) is amended—

19 (1) by striking “1999” and inserting “2005”;

20 and

21 (2) by striking “4 succeeding” and inserting “5
22 succeeding”.

1 **SEC. 1025. STUDY OF STUDENT LEARNING OUTCOMES AND**
2 **PUBLIC ACCOUNTABILITY.**

3 (a) **STUDY REQUIRED.**—The Secretary shall provide
4 for the conduct a study of the best practices of States in
5 assessing undergraduate postsecondary student learning,
6 particularly as such practices relate to public account-
7 ability systems.

8 (b) **CHARACTERISTICS OF THE ASSOCIATION.**—Such
9 study shall be conducted by an association or organization
10 with specific expertise and knowledge in state practices
11 and access to necessary state officials (in this section re-
12 ferred to as the “association”). The association respon-
13 sible for the study under this section shall be a national,
14 non-partisan or bi-partisan entity representing States or
15 State officials with expertise in evaluative and qualitative
16 policy research for best practice models, the capacity to
17 convene experts, and to formulate policy recommenda-
18 tions.

19 (c) **REQUIRED SUBJECTS OF STUDY.**—In performing
20 the study, the association shall, at a minimum, examine
21 the following:

22 (1) The current status of institutional and state
23 efforts to embed student learning assessments into
24 the state-level public accountability frameworks.

25 (2) The extent to which there is commonality
26 among educators and accrediting agencies on learn-

1 ing standards for the associates and bachelors de-
2 grees.

3 (3) The reliability, rigor, and generalizability of
4 available instruments to assess general education at
5 the undergraduate level.

6 (4) Roles and responsibilities for public ac-
7 countability for student learning.

8 (d) CONSULTATION.—

9 (1) NATIONAL COMMITTEE.—The association
10 shall establish and consult with a national com-
11 mittee. The committee shall meet not less than twice
12 a year to review the research, identify best practice
13 models, and review recommendations.

14 (2) MEMBERSHIP.—The national advisory com-
15 mittee shall consist of a representative of the Sec-
16 retary of Education and individuals with expertise
17 in—

18 (A) State accountability systems;

19 (B) student learning assessments;

20 (C) student flow data;

21 (D) transitions between K–12 and higher
22 education; and

23 (E) federal higher education policy.

1 (3) ADDITIONAL EXPERTISE.—The association
2 may augment this committee with other expertise, as
3 appropriate.

4 (e) CONGRESSIONAL CONSULTATION.—The associa-
5 tion shall consult on a regular basis with the Committee
6 on Education and the Workforce of the House of Rep-
7 resentatives and the Committee on Health Education
8 Labor and Pensions of the Senate in carrying out the
9 study required by this section.

10 (f) REPORT.—The association shall, not later than
11 two years after the date of enactment of this Act, prepare
12 and submit a report on the study required by this section
13 to the Committee on Education and the Workforce of the
14 House of Representatives and the Committee on Health,
15 Education, Labor, and Pensions of the Senate.

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