

## Union Calendar No. 128

110TH CONGRESS  
1ST SESSION

# H. R. 2669

[Report No. 110-210]

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2007

Mr. GEORGE MILLER of California (for himself and Mr. HINOJOSA) introduced the following bill; which was referred to the Committee on Education and Labor

JUNE 25, 2007

Additional sponsors: Ms. HIRONO, Mr. HARE, Ms. CLARKE, Ms. WOOLSEY, Mrs. DAVIS of California, Mr. SARBANES, Mr. BISHOP of New York, Mr. YARMUTH, Ms. SHEA-PORTER, Mr. SCOTT of Virginia, Mr. DAVIS of Illinois, Mr. TIERNEY, Ms. ZOE LOFGREN of California, Mr. WU, Mr. ELLISON, Ms. CARSON, Mr. KILDEE, Mr. ENGEL, Mr. VAN HOLLEN, Ms. DELAURO, Mr. KUCINICH, Ms. MCCOLLUM of Minnesota, Mr. LEWIS of Georgia, Ms. SCHAKOWSKY, Mr. STARK, Ms. MATSUI, Mrs. MALONEY of New York, Mr. PRICE of North Carolina, Ms. ESHOO, and Ms. KILPATRICK of Michigan

JUNE 25, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

[For text of introduced bill, see copy of bill as introduced on June 12, 2007]

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## A BILL

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

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 to as the*  
 5        *“College Cost Reduction Act of 2007”.*

6        (b) *TABLE OF CONTENTS.*—

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

*Sec. 2. References; effective date.*

### TITLE I—INVESTING IN STUDENT AID

#### PART A—INCREASING THE PURCHASING POWER OF PELL GRANTS

*Sec. 101. Mandatory Pell Grant Increases.*

*Sec. 102. Support for working students.*

*Sec. 103. Simplified needs test and automatic zero improvements.*

*Sec. 104. Definitions.*

#### PART B—MAKING STUDENT LOANS MORE AFFORDABLE

*Sec. 111. Interest rate reductions.*

*Sec. 112. Increases in loan limits.*

*Sec. 113. Reduction of lender special allowance payments.*

*Sec. 114. Elimination of exceptional performer status for lenders.*

*Sec. 115. Reduction of lender insurance percentage.*

*Sec. 116. Guaranty agency collection retention.*

*Sec. 117. Unit costs for account maintenance fees.*

*Sec. 118. Increased loan fees from lenders.*

*Sec. 119. Student loan information.*

*Sec. 120. Market-based determination of lender returns.*

#### PART C—REWARDING SERVICE IN REPAYMENT

*Sec. 131. Loan forgiveness for service in areas of national need.*

*“Sec. 428K. Loan forgiveness for service in areas of national need.*

*Sec. 132. Income-contingent repayment for public sector employees.*

- Sec. 133. Income-based repayment.*  
*“Sec. 493C. Income-based repayment.*  
*Sec. 134. Definition of economic hardship.*  
*Sec. 135. Deferrals.*  
*Sec. 136. Maximum repayment period.*  
*Sec. 137. Deferral of loan repayment following active duty.*  
*“Sec. 484C. Deferral of loan repayment following active duty.*  
*Sec. 138. Sense of the Congress; report.*

*PART D—SUSTAINING THE PERKINS LOAN PROGRAM*

- Sec. 141. Federal Perkins Loans.*

*TITLE II—REDUCING THE COST OF COLLEGE*

- Sec. 201. State commitment to affordable college education.*  
*“Sec. 132. State commitment to affordable college education.*  
*Sec. 202. Consumer information and public accountability in higher education.*  
*“Sec. 131. Consumer information and public accountability in higher education.*  
*Sec. 203. Incentives and rewards for low tuition.*  
*“Sec. 401B. Incentives and rewards for low tuition.*  
*Sec. 204. Cooperative education rewards for institutions that restrain tuition increases.*

*“TITLE VIII—COOPERATIVE EDUCATION REWARDS FOR INSTITUTIONS THAT RESTRAIN TUITION INCREASES*

- “Sec. 801. Definition of cooperative education.*  
*“Sec. 802. Authorization of appropriations; reservations.*  
*“Sec. 803. Grants for cooperative education.*  
*“Sec. 804. Demonstration and innovation projects; training and resource centers; and research.*

*TITLE III—ENSURING A HIGHLY QUALIFIED TEACHER IN EVERY CLASSROOM*

*PART A—TEACH GRANTS*

- Sec. 301. TEACH Grants.*

*“SUBPART 9—TEACH GRANTS*

- “Sec. 420L. Program established.*  
*“Sec. 420M. Eligibility; applications.*  
*“Sec. 420N. Definitions.*  
*“Sec. 420O. Program period and funding.*

*PART B—CENTERS OF EXCELLENCE*

- Sec. 311. Centers of excellence.*

*“PART C—CENTERS OF EXCELLENCE*

- “Sec. 231. Definitions.*  
*“Sec. 232. Centers of excellence.*  
*“Sec. 233. Appropriations.*

*TITLE IV—LEVERAGING FUNDS TO INCREASE COLLEGE ACCESS*

*PART A—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES  
AND MINORITY-SERVING INSTITUTIONS*

*Sec. 401. Investment in Historically Black Colleges and Universities and Minority-Serving Institution.*

*“PART I—STRENGTHENING HISTORICALLY BLACK COLLEGES AND  
UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS*

*“Sec. 499A. Investment in Historically Black Colleges and Universities and Other Minority-Serving Institution.*

*PART B—COLLEGE ACCESS CHALLENGE GRANTS*

*Sec. 411. College Access Challenge grants.*

*PART C—UPWARD BOUND*

*Sec. 412. Upward Bound.*

*TITLE V—ADDITIONAL PROVISIONS*

*Sec. 501. Independent evaluation of distance education programs.*

*Sec. 502. Encouraging colleges and universities to “go green”.*

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

2       (a) *REFERENCES.*—*Except as otherwise expressly pro-*  
3 *vided, whenever in this Act an amendment or repeal is ex-*  
4 *pressed in terms of an amendment to, or repeal of, a section*  
5 *or other provision, the reference shall be considered to be*  
6 *made to a section or other provision of the Higher Edu-*  
7 *cation Act of 1965 (20 U.S.C. 1001 et seq.).*

8       (b) *EFFECTIVE DATE.*—*Except as otherwise expressly*  
9 *provided therein, the amendments made by this Act shall*  
10 *be effective on October 1, 2007.*

1                   **TITLE I—INVESTING IN**  
2                   **STUDENT AID**

3       **PART A—INCREASING THE PURCHASING POWER**  
4                   **OF PELL GRANTS**

5       **SEC. 101. MANDATORY PELL GRANT INCREASES.**

6           (a) *EXTENSION OF AUTHORITY.*—Section 401(a) (20  
7 U.S.C. 1070a(a)) is amended by striking “fiscal year 2004”  
8 and inserting “fiscal year 2013”.

9           (b) *FUNDING FOR INCREASES.*—Section 401(b) (20  
10 U.S.C. 1070a(b)) is amended by adding at the end the fol-  
11 lowing new paragraph:

12                   “(9) *ADDITIONAL FUNDS.*—

13                           “(A) *IN GENERAL.*—There are authorized to  
14 be appropriated, and there are appropriated, to  
15 carry out subparagraph (B) of this paragraph  
16 (in addition to any other amounts appropriated  
17 to carry out this section and out of any money  
18 in the Treasury not otherwise appropriated) the  
19 following amounts:

20                                   “(i) \$840,000,000 for fiscal year 2008;

21                                   “(ii) \$870,000,000 for fiscal year 2009;

22                                   “(iii) \$1,340,000,000 for fiscal year  
23 2010;

24                                   “(iv) \$2,280,000,000 for fiscal year  
25 2011;

1                   “(v) \$2,350,000,000 for fiscal year  
2                   2012;

3                   “(vi) \$2,400,000,000 for fiscal year  
4                   2013;

5                   “(vii) \$2,450,000,000 for fiscal year  
6                   2014;

7                   “(viii) \$2,510,000,000 for fiscal year  
8                   2015;

9                   “(ix) \$2,550,000,000 for fiscal year  
10                  2016; and

11                  “(x) \$2,570,000,000 for fiscal year  
12                  2017.

13                  “(B) INCREASE IN FEDERAL PELL  
14                  GRANTS.—*The amounts made available pursuant*  
15                  *to subparagraph (A) of this paragraph shall be*  
16                  *used to increase the amount of the maximum*  
17                  *Pell Grant for which a student shall be eligible*  
18                  *during an award year, as specified in the last*  
19                  *enacted appropriation Act applicable to that*  
20                  *award year, by—*

21                         “(i) \$200 for each of the award years  
22                         2008–2009 and 2009–2010;

23                         “(ii) \$300 for award year 2010–2011;  
24                         and

1                   “(iii) \$500 for award year 2011–2012  
2                   and each subsequent award year.

3                   “(C) USE OF FISCAL YEAR FUNDS FOR  
4                   AWARD YEARS.—The amounts made available by  
5                   subparagraph (A) for any fiscal year shall be  
6                   available and remain available for use under  
7                   subparagraph (B) for the award year that begins  
8                   in such fiscal year.”.

9                   (c) AUTHORIZED MAXIMUMS.—Section 401(b)(2)(A)  
10                  (20 U.S.C. 1070a(b)(2)(A)) is amended to read as follows:

11                  “(2)(A) The amount of the Federal Pell Grant for a  
12                  student eligible under this part shall be—

13                         “(i) \$7,600 for academic year 2008–2009;

14                         “(ii) \$8,600 for academic year 2009–2010;

15                         “(iii) \$9,600 for academic year 2010–2011;

16                         “(iv) \$10,600 for academic year 2011–2012; and

17                         “(v) \$11,600 for academic year 2012–2013,

18                         less an amount equal to the amount determined to be  
19                         the expected family contribution with respect to that  
20                         student for that year.”.

21                  (d) TUITION SENSITIVITY.—

22                         (1) AMENDMENT.—Section 401(b) (20 U.S.C.  
23                         1070a(b)) is further amended—

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

1           (B) by redesignating paragraphs (4)  
2           through (9) as paragraphs (3) through (8), re-  
3           spectively.

4           (2) *EFFECTIVE DATE.*—The amendments made  
5           by paragraph (1) of this subsection are effective on  
6           the date of enactment of this Act.

7           (e) *MULTIPLE GRANTS.*—

8           (1) *AMENDMENT.*—Paragraph (5) of section  
9           401(b) (as redesignated by subsection (d)(1)(B)) is  
10          amended to read as follows:

11           “(5) *YEAR-ROUND PELL GRANTS.*—The Secretary  
12          is authorized, for students enrolled in a baccalaureate  
13          degree, associate’s degree, or certificate program of  
14          study at an eligible institution, to award such stu-  
15          dents not more than two Pell grants during an award  
16          year to permit such students to accelerate progress to-  
17          ward their degree or certificate objectives by enrolling  
18          in courses for more than 2 semesters, or 3 quarters,  
19          or the equivalent, in a given academic year.”.

20           (2) *EFFECTIVE DATE.*—The amendment made by  
21          paragraph (1) shall be effective July 1, 2009.

22           (f) *ACADEMIC COMPETITIVENESS GRANTS.*—Section  
23          401A (as amended by section 8003 of Public Law 109–171)  
24          is amended—

1           (1) in subsection (c)(3)(A)(ii), by inserting “, ex-  
2           cept as part of a secondary school program of study”  
3           before the semicolon;

4           (2) by redesignating subsection (g) as subsection  
5           (h); and

6           (3) by inserting after subsection (f) the following  
7           new subsection:

8           “(g) *DETERMINATION OF ACADEMIC YEAR.*—Notwith-  
9           standing section 481(a)(2), for the purpose of determining  
10           eligibility for a grant under this section, a student shall  
11           be considered to be enrolled or accepted for enrollment in  
12           the first, second, third, or fourth academic year of a pro-  
13           gram of undergraduate education based on the student’s  
14           class standing, as determined by the institution of higher  
15           education at which the student is enrolled or accepted for  
16           enrollment.”.

17           (g) *ELIGIBILITY FOR ACADEMIC COMPETITIVENESS*  
18           *GRANTS.*—Section 401A is further amended—

19           (1) in subsection (c)—

20                   (A) by striking “full-time”; and

21                   (B) by amending paragraph (1) to read as  
22           follows:

23           “(1) is an eligible student under section 484, in-  
24           cluding being enrolled or accepted for enrollment in  
25           a degree, certificate, or other eligible program leading

1       to a recognized educational credential at an institu-  
2       tion of higher education;” and

3               (2) in subsection (d), by adding at the end the  
4       following new paragraph:

5               “(3) *ADJUSTMENT FOR LESS THAN FULL-TIME*  
6       *ENROLLMENT.*—A grant awarded under this section  
7       to an eligible student who attends an eligible institu-  
8       tion on a less than full-time (but at least half-time or  
9       more) basis shall be reduced in the same proportion  
10       as would a Federal Pell Grant pursuant to section  
11       401(b)(2)(B).”.

12   **SEC. 102. SUPPORT FOR WORKING STUDENTS.**

13       (a) *DEPENDENT STUDENTS.*—Subparagraph (D) of  
14       section 475(g)(2) (20 U.S.C. 108700)(g)(2)(D)) is amended  
15       to read as follows:

16               “(D) an income protection allowance of the  
17       following amount (or a successor amount pre-  
18       scribed by the Secretary under section 478)—

19                       “(i) for the 2009–2010 academic year,  
20                       \$3,750;

21                       “(ii) for the 2010–2011 academic year,  
22                       \$4,500;

23                       “(iii) for the 2011–2012 academic  
24                       year, \$5,250; and

1                   “(iv) for the 2012–2013 academic year,  
2                   \$6,000;”.

3           (b) *INDEPENDENT STUDENTS WITHOUT DEPENDENTS*  
4 *OTHER THAN A SPOUSE.*—Clause (iv) of section  
5 476(b)(1)(A) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended  
6 to read as follows:

7                   “(iv) an income protection allowance  
8                   of the following amount (or a successor  
9                   amount prescribed by the Secretary under  
10                  section 478)—

11                   “(I) for single or separated stu-  
12                   dents, or married students where both  
13                   are enrolled pursuant to subsection  
14                   (a)(2)—

15                   “(aa) for the 2009–2010 aca-  
16                   demic year, \$6,690;

17                   “(bb) for the 2010–2011 aca-  
18                   demic year, \$7,160;

19                   “(cc) for the 2011–2012 aca-  
20                   demic year, \$7,630; and

21                   “(dd) for the 2012–2013 aca-  
22                   demic year, \$8,090; and

23                   “(II) for married students where 1  
24                   is enrolled pursuant to subsection  
25                   (a)(2)—

1                   “(aa) for the 2009–2010 aca-  
2                   demic year, \$10,720;

3                   “(bb) for the 2010–2011 aca-  
4                   demic year, \$11,470;

5                   “(cc) for the 2011–2012 aca-  
6                   demic year, \$12,220; and

7                   “(dd) for the 2012–2013 aca-  
8                   demic year, \$12,960;”.

9           (c) *UPDATED TABLES AND AMOUNTS.*—Section 478(b)  
10 (20 U.S.C. 1087rr(b)) is amended—

11           (1) in paragraph (1)—

12                   (A) by striking “*REVISED TABLES.*—*For*  
13 *each*” and inserting “*REVISED TABLES.*—

14                   “(A) *IN GENERAL.*—*For each*”;

15                   (B) in subparagraph (A) (as designated by  
16 subparagraph (A)), in the third sentence—

17                           (i) by striking “*preceding sentence*”  
18                           and inserting “*subparagraph (A)*”; and

19                           (ii) by striking “*For the 2007–2008*”  
20                           and inserting the following:

21                                   “(B) *SPECIAL RULE FOR 2007–2008 ACA-*  
22 *DEMIC YEAR.*—*For the 2007–2008*”; and

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

24                                   “(C) *SPECIAL RULE FOR 2009–2010*  
25 *THROUGH 2012–2013 ACADEMIC YEARS.*—*For the*

1           2009–2010 academic year, and for each of the 3  
2           succeeding academic years, the Secretary shall  
3           revise the tables in accordance with this para-  
4           graph, except that, for the table in section  
5           477(b)(4), the Secretary shall revise such table by  
6           increasing the amounts contained in such table  
7           for the preceding academic year by 10 percent.”;  
8           and

9           (2) in paragraph (2), by striking “shall be devel-  
10          oped” and all that follows through the period at the  
11          end and inserting “shall be developed—

12                 “(A) for academic year 2008–2009, by in-  
13                 creasing each of the dollar amounts contained in  
14                 such section as such section was in effect on the  
15                 day before the date of enactment of the College  
16                 Cost Reduction Act of 2007 by a percentage  
17                 equal to the estimated percentage increase in the  
18                 Consumer Price Index (as defined in section  
19                 478(f)) between December 2006 and the Decem-  
20                 ber next preceding the beginning of such aca-  
21                 demic year, and rounding the result to the near-  
22                 est \$10; and

23                 “(B) for each academic year after 2012–  
24                 2013, by increasing each of the dollar amounts  
25                 contained in such section for academic year

1           2012–2013 by a percentage equal to the esti-  
2           mated percentage increase in the Consumer Price  
3           Index (as defined in section 478(f)) between De-  
4           cember 2011 and the December next preceding  
5           the beginning of such academic year, and round-  
6           ing the result to the nearest \$10.”.

7           (d) *EFFECTIVE DATE.*—The amendments made by  
8           subsections (a) and (b) shall take effect on October 1, 2008,  
9           and the amendment made by subsection (c) shall take effect  
10          on July 1, 2008.

11       **SEC. 103. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO**  
12                               **IMPROVEMENTS.**

13          (a) *SIMPLIFIED NEEDS TEST.*—Section 479 (20  
14       U.S.C. 1087ss) is amended—

15               (1) in subsection (b)—

16                       (A) in paragraph (1)(A)(i)—

17                               (i) in subclause (II), by striking “or”  
18                               after the semicolon;

19                               (ii) by redesignating subclause (III) as  
20                               subclause (IV);

21                               (iii) by inserting after subclause (II)  
22                               the following:

23                                       “(III) 1 of whom is a dislocated  
24                                       worker; or”; and

- 1                   *(iv) in subclause (IV) (as redesignated*  
2                   *by clause (ii)), by striking “12-month” and*  
3                   *inserting “24-month”; and*  
4                   *(B) in paragraph (1)(B)(i)—*  
5                   *(i) in subclause (II), by striking “or”*  
6                   *after the semicolon;*  
7                   *(ii) by redesignating subclause (III) as*  
8                   *subclause (IV);*  
9                   *(iii) by inserting after subclause (II)*  
10                  *the following:*  
11                    *“(III) 1 of whom is a dislocated*  
12                    *worker; or”;* and  
13                    *(iv) in subclause (IV) (as redesignated*  
14                    *by clause (ii)), by striking “12-month” and*  
15                    *inserting “24-month”;*  
16                  *(2) in subsection (c)—*  
17                    *(A) in paragraph (1)—*  
18                    *(i) in subparagraph (A)—*  
19                    *(I) in clause (ii), by striking “or”*  
20                    *after the semicolon;*  
21                    *(II) by redesignating clause (iii)*  
22                    *as clause (iv);*  
23                    *(III) by inserting after clause (ii)*  
24                    *the following:*

1           “(iii) 1 of whom is a dislocated work-  
2           er; or”; and

3                   (IV) in clause (iv) (as redesign-  
4                   ated by subclause (II)), by striking  
5                   “12-month” and inserting “24-month”;  
6                   and

7                   (ii) in subparagraph (B), by striking  
8                   “\$20,000” and inserting “\$30,000”; and  
9                   (B) in paragraph (2)—

10                   (i) in subparagraph (A)—

11                           (I) in clause (ii), by striking “or”  
12                           after the semicolon;

13                           (II) by redesignating clause (iii)  
14                           as clause (iv);

15                           (III) by inserting after clause (ii)  
16                           the following:

17                           “(iii) is a dislocated worker; or”; and

18                           (IV) in clause (iv) (as redesign-  
19                           ated by subclause (II)), by striking  
20                           “12-month” and inserting “24-month”;  
21                           and

22                           (ii) in subparagraph (B), by striking  
23                           “\$20,000” and inserting “\$30,000”; and

24                           (C) in the flush matter following paragraph  
25                           (2)(B), by adding at the end the following: “The

1           *Secretary shall annually adjust the income level*  
2           *necessary to qualify an applicant for the zero ex-*  
3           *pected family contribution. The income level*  
4           *shall be adjusted according to increases in the*  
5           *Consumer Price Index, as defined in section*  
6           *478(f).”; and*

7           *(3) in subsection (d)—*

8                   *(A) by redesignating paragraphs (1)*  
9                   *through (6) as subparagraphs (A) through (F),*  
10                   *respectively and moving the margins of such sub-*  
11                   *paragraphs 2 ems to the right;*

12                   *(B) by striking “(d) DEFINITION” and all*  
13                   *that follows through “the term” and inserting the*  
14                   *following:*

15           *“(d) DEFINITIONS.—In this section:*

16                   *“(1) DISLOCATED WORKER.—The term ‘dis-*  
17                   *located worker’ has the meaning given the term in*  
18                   *section 101 of the Workforce Investment Act of 1998*  
19                   *(29 U.S.C. 2801).*

20                   *“(2) MEANS-TESTED FEDERAL BENEFIT PRO-*  
21                   *GRAM.—The term”.*

22           *(b) DISCRETION OF STUDENT FINANCIAL AID ADMIN-*  
23           *ISTRATORS.—Section 479A(a) (20 U.S.C. 1087t(a)) is*  
24           *amended in the third sentence by inserting “a family mem-*  
25           *ber who is a dislocated worker (as defined in section 101*

1 *of the Workforce Investment Act of 1998 (29 U.S.C. 2801)),*  
2 *after “recent unemployment of a family member,”.*

3 (c) *EFFECTIVE DATE.*—*The amendments made by this*  
4 *section shall be effective on July 1, 2009.*

5 **SEC. 104. DEFINITIONS.**

6 (a) *TOTAL INCOME.*—*Section 480(a)(2) (20 U.S.C.*  
7 *1087vv(a)(2)) is amended—*

8 (1) *by striking “and no portion” and inserting*  
9 *“no portion”; and*

10 (2) *by inserting “and no distribution from any*  
11 *qualified education benefit described in subsection*  
12 *(f)(3) that is not subject to Federal income tax,” after*  
13 *“1986,”.*

14 (b) *UNTAXED INCOME AND BENEFITS.*—*Section 480(b)*  
15 *(20 U.S.C. 1087vv(b)) is amended to read as follows:*

16 “(b) *UNTAXED INCOME AND BENEFITS.*—

17 “(1) *The term ‘untaxed income and benefits’*  
18 *means—*

19 “(A) *child support received;*

20 “(B) *workman’s compensation;*

21 “(C) *veteran’s benefits such as death pen-*  
22 *sion, dependency, and indemnity compensation,*  
23 *but excluding veterans’ education benefits as de-*  
24 *finied in subsection (c);*

25 “(D) *interest on tax-free bonds;*

1           “(E) housing, food, and other allowances  
2           (excluding rent subsidies for low-income housing)  
3           for military, clergy, and others (including cash  
4           payments and cash value of benefits);

5           “(F) cash support or any money paid on  
6           the student’s behalf, except, for dependent stu-  
7           dents, funds provided by the student’s parents;

8           “(G) untaxed portion of pensions;

9           “(H) payments to individual retirement ac-  
10          counts and Keogh accounts excluded from income  
11          for Federal income tax purposes; and

12          “(I) any other untaxed income and benefits,  
13          such as Black Lung Benefits, Refugee Assistance,  
14          railroad retirement benefits, or Job Training  
15          Partnership Act noneducational benefits or bene-  
16          fits received through participation in employ-  
17          ment and training activities under title I of the  
18          Workforce Investment Act of 1998 (29 U.S.C.  
19          2801 et seq.).

20          “(2) The term ‘untaxed income and benefits’  
21          shall not include the amount of additional child tax  
22          credit claimed for Federal income tax purposes.”.

23          (c) ASSETS.—Section 480(f) (20 U.S.C. 1087vv(f)) is  
24          amended—

1           (1) *in paragraph (3), by striking “shall not be*  
2           *considered an asset of a student for purposes of sec-*  
3           *tion 475” and inserting “shall be considered an asset*  
4           *of the parent for purposes of section 475”;*

5           (2) *by redesignating paragraphs (4) and (5) as*  
6           *paragraphs (5) and (6), respectively; and*

7           (3) *by inserting after paragraph (3) the fol-*  
8           *lowing:*

9           “*(4) A qualified education benefit shall be con-*  
10          *sidered an asset of the student for purposes of section*  
11          *476 and 477.”.*

12          (d) *OTHER FINANCIAL ASSISTANCE.—Section*  
13          *480(j)(2) (20 U.S.C. 1087vv(j)(2)) is amended by inserting*  
14          “*, or a distribution that is not includable in gross income*  
15          *under section 529 of such Code, under another prepaid tui-*  
16          *tion plan offered by a State, or under a Coverdell education*  
17          *savings account under section 530 of such Code,” after*  
18          “*1986*”.

19          (e) *EFFECTIVE DATE.—The amendments made by this*  
20          *section shall be effective on July 1, 2009.*

21                   **PART B—MAKING STUDENT LOANS MORE**

22                                   **AFFORDABLE**

23           **SEC. 111. INTEREST RATE REDUCTIONS.**

24           (a) *FFEL INTEREST RATES.—*

1           (1) *Section 427A(l) (20 U.S.C. 1077a(l)) is*  
2 *amended by adding at the end the following new*  
3 *paragraph:*

4           “(4) *REDUCED RATES FOR UNDERGRADUATE*  
5 *SUBSIDIZED LOANS.—Notwithstanding subsection (h)*  
6 *and paragraph (1) of this subsection, with respect to*  
7 *any loan to an undergraduate student made, insured,*  
8 *or guaranteed under this part (other than a loan*  
9 *made pursuant to section 428B, 428C, or 428H) for*  
10 *which the first disbursement is made on or after July*  
11 *1, 2006, and before July 1, 2013, the applicable rate*  
12 *of interest shall be as follows:*

13           “(A) *For a loan for which the first disburse-*  
14 *ment is made on or after July 1, 2006, and be-*  
15 *fore July 1, 2008, 6.80 percent on the unpaid*  
16 *principal balance of the loan.*

17           “(B) *For a loan for which the first disburse-*  
18 *ment is made on or after July 1, 2008, and be-*  
19 *fore July 1, 2009, 6.12 percent on the unpaid*  
20 *principal balance of the loan.*

21           “(C) *For a loan for which the first disburse-*  
22 *ment is made on or after July 1, 2009, and be-*  
23 *fore July 1, 2010, 5.44 percent on the unpaid*  
24 *principal balance of the loan.*

1           “(D) For a loan for which the first dis-  
 2           bursement is made on or after July 1, 2010, and  
 3           before July 1, 2011, 4.76 percent on the unpaid  
 4           principal balance of the loan.

5           “(E) For a loan for which the first disburse-  
 6           ment is made on or after July 1, 2011, and be-  
 7           fore July 1, 2012, 4.08 percent on the unpaid  
 8           principal balance of the loan.

9           “(F) For a loan for which the first disburse-  
 10          ment is made on or after July 1, 2012 and before  
 11          July 1, 2013, 3.40 percent on the unpaid prin-  
 12          cipal balance of the loan.”.

13          (2) *SPECIAL ALLOWANCE CROSS REFERENCE.*—  
 14          Section 438(b)(2)(I)(ii)(II) (20 U.S.C.  
 15          1086(b)(2)(I)(ii)(II)) is amended by striking “section  
 16          427A(l)(1)” and inserting “section 427A(l)(1) or  
 17          (l)(4)”.

18          (b) *DIRECT LOAN INTEREST RATES.*—Section  
 19          455(b)(7) (20 U.S.C. 1087e(b)(7)) is amended by adding  
 20          at the end the following new subparagraph:

21                 “(D) *REDUCED RATES FOR UNDER-*  
 22                 *GRADUATE FDSL.*—Notwithstanding the pre-  
 23                 ceding paragraphs of this subsection, for Federal  
 24                 Direct Stafford Loans made to undergraduate  
 25                 students for which the first disbursement is made

1           *on or after July 1, 2006, and before July 1,*  
2           *2013, the applicable rate of interest shall be as*  
3           *follows:*

4                     “(i) *For a loan for which the first dis-*  
5                     *bursement is made on or after July 1, 2006,*  
6                     *and before July 1, 2008, 6.80 percent on the*  
7                     *unpaid principal balance of the loan.*

8                     “(ii) *For a loan for which the first dis-*  
9                     *bursement is made on or after July 1, 2008,*  
10                    *and before July 1, 2009, 6.12 percent on the*  
11                    *unpaid principal balance of the loan.*

12                    “(iii) *For a loan for which the first*  
13                    *disbursement is made on or after July 1,*  
14                    *2009, and before July 1, 2010, 5.44 percent*  
15                    *on the unpaid principal balance of the loan.*

16                    “(iv) *For a loan for which the first dis-*  
17                    *bursement is made on or after July 1, 2010,*  
18                    *and before July 1, 2011, 4.76 percent on the*  
19                    *unpaid principal balance of the loan.*

20                    “(v) *For a loan for which the first dis-*  
21                    *bursement is made on or after July 1, 2011,*  
22                    *and before July 1, 2012, 4.08 percent on the*  
23                    *unpaid principal balance of the loan.*

24                    “(vi) *For a loan for which the first dis-*  
25                    *bursement is made on or after July 1, 2012,*

1                   and before July 1, 2013, 3.40 percent on the  
2                   unpaid principal balance of the loan.”.

3 **SEC. 112. INCREASES IN LOAN LIMITS.**

4           (a) *INCREASE IN THIRD AND SUBSEQUENT YEAR LIM-*  
5 *ITS.—*

6                   (1) *FEDERAL INSURANCE LIMITS.—Section*  
7 *425(a)(1)(A)(iii) (20 U.S.C. 1075(a)(1)(A)(iii)) is*  
8 *amended by striking “\$5,500” and inserting*  
9 *“\$7,500”.*

10                   (2) *GUARANTY LIMITS.—Section*  
11 *428(b)(1)(A)(iii)(I) (20 U.S.C. 1078(b)(1)(A)(iii)(I))*  
12 *is amended by striking “\$5,500” and inserting*  
13 *“\$7,500”.*

14           (b) *INCREASE IN AGGREGATE LIMITS.—*

15                   (1) *FEDERAL INSURANCE LIMITS.—Section*  
16 *425(a)(2)(A) (20 U.S.C. 1075(a)(2)(A)(i)) is amend-*  
17 *ed—*

18                           (A) *in clause (i), by striking “\$23,000” and*  
19 *inserting “\$30,500”; and*

20                           (B) *in clause (ii), by striking “\$65,500”*  
21 *and inserting “\$73,000”.*

22                   (2) *GUARANTY LIMITS.—Section 428(b)(1)(B)*  
23 *(20 U.S.C. 1078(b)(1)(A)(iii)(I)) is amended—*

24                           (A) *in clause (i), by striking “\$23,000” and*  
25 *inserting “\$30,500”; and*

1           (B) in clause (ii), by striking “\$65,500”  
2           and inserting “\$73,000”.

3           (c) *EFFECTIVE DATE.*—The amendments made by this  
4 section shall be effective July 1, 2008.

5 **SEC. 113. REDUCTION OF LENDER SPECIAL ALLOWANCE**  
6 **PAYMENTS.**

7           Section 438(b)(2)(I) (20 U.S.C. 1087–1(b)(2)(I)) is  
8 amended—

9           (1) in clause (i), by striking “clauses (ii), (iii),  
10 and (iv)” and inserting “the following clauses”;

11           (2) in clause (v)(III), by striking “clauses (ii),  
12 (iii), and (iv)” and inserting “clauses (ii), (iii), (iv),  
13 and (vi)”; and

14           (3) by adding at the end the following new  
15 clause:

16                           “(vi) *REDUCTION FOR LOANS ON OR*  
17                           *AFTER OCTOBER 1, 2007.*—With respect to a  
18                           loan on which the applicable interest rate is  
19                           determined under section 427A(l), the per-  
20                           centage to be added under clause (i)(III) in  
21                           computing the special allowance payment  
22                           pursuant to this subparagraph shall be the  
23                           following:

24   “(I) *IN GENERAL AND PLUS*  
25   *LOANS.*—1.79 percent in the case of a

1                   loan described in clause (i) or (iii) for  
2                   which the first disbursement of prin-  
3                   cipal is made on or after October 1,  
4                   2007.

5                   “(II) *IN SCHOOL AND GRACE PE-*  
6                   *RIOD.*—1.19 percent in the case of a  
7                   loan described in clause (ii)(II) for  
8                   which the first disbursement of prin-  
9                   cipal is made on or after October 1,  
10                  2007.

11                  “(III) *CONSOLIDATION LOANS.*—  
12                  2.09 percent in the case of a loan de-  
13                  scribed in clause (iv) for which the  
14                  first disbursement of principal is made  
15                  on or after October 1, 2007.”.

16 **SEC. 114. ELIMINATION OF EXCEPTIONAL PERFORMER STA-**  
17 **TUS FOR LENDERS.**

18                  (a) *ELIMINATION OF STATUS.*—Part B of title IV (20  
19 *U.S.C. 1071 et seq.*) is amended by striking section 428I  
20 (20 *U.S.C. 1078–9*).

21                  (b) *CONFORMING AMENDMENTS.*—Part B of title IV is  
22 *further amended*—

23                          (1) *in section 428(c)(1) (20 U.S.C. 1078(c)(1))*—  
24    (A) *by striking subparagraph (D); and*

1           (B) by redesignating subparagraphs (E)  
2           through (H) as subparagraphs (D) through (G),  
3           respectively; and

4           (2) in section 438(b)(5) (20 U.S.C. 1087–  
5           1(b)(5)), by striking the matter following subpara-  
6           graph (B).

7 **SEC. 115. REDUCTION OF LENDER INSURANCE PERCENT-**  
8           **AGE.**

9           (a) *AMENDMENT.*—Subparagraph (G) of section  
10 428(b)(1) (20 U.S.C. 1078(b)(1)(G)) is amended to read as  
11 follows:

12                   “(G) insures 95 percent of the unpaid prin-  
13                   cipal of loans insured under the program, except  
14                   that—

15                           “(i) such program shall insure 100  
16                           percent of the unpaid principal of loans  
17                           made with funds advanced pursuant to sec-  
18                           tion 428(j) or 439(q); and

19                                   “(ii) notwithstanding the preceding  
20                                   provisions of this subparagraph, such pro-  
21                                   gram shall insure 100 percent of the unpaid  
22                                   principal amount of exempt claims as de-  
23                                   fined in subsection (c)(1)(G);”.

1           (b) *EFFECTIVE DATE.*—*The amendment made by sub-*  
 2 *section (a) shall take effect with respect to loans made on*  
 3 *or after October 1, 2007.*

4 **SEC. 116. GUARANTY AGENCY COLLECTION RETENTION.**

5           *Clause (ii) of section 428(c)(6)(A) (20 U.S.C.*  
 6 *1078(c)(6)(A)(ii)) is amended to read as follows:*

7                               *“(ii) an amount equal to 23 percent of*  
 8                               *such payments for use in accordance with*  
 9                               *section 422B, except that beginning October*  
 10                              *1, 2007, this subparagraph shall be applied*  
 11                              *by substituting ‘16 percent’ for ‘23 per-*  
 12                              *cent’.”.*

13 **SEC. 117. UNIT COSTS FOR ACCOUNT MAINTENANCE FEES.**

14           *Section 458(b) (20 U.S.C. 1087h(b)) is amended—*

15                              *(1) by striking “Account” and inserting the fol-*  
 16 *lowing:*

17                              *“(1) FOR FISCAL YEARS 2006 AND 2007.—For fis-*  
 18 *cal years 2006 and 2007, account”;* and

19                              *(2) by adding at the end the following new para-*  
 20 *graph:*

21                              *“(2) FOR FISCAL YEAR 2008 AND SUCCEEDING*  
 22 *FISCAL YEARS.—*

23                              *“(A) UNIT COST BASIS.—For fiscal year*  
 24                              *2008 and each succeeding fiscal year, the Sec-*  
 25                              *retary shall calculate the account maintenance*

1        *fees payable to guaranty agencies under sub-*  
2        *section (a)(3), on a per-loan cost basis in accord-*  
3        *ance with subparagraph (B) of this paragraph.*

4                *“(B) DETERMINATIONS.—To determine the*  
5        *amount that shall be paid under subsection*  
6        *(a)(3) per outstanding loan guaranteed by a*  
7        *guaranty agency for fiscal year 2008 and suc-*  
8        *ceeding fiscal years, the Secretary shall—*

9                *“(i) establish the per-loan cost basis*  
10        *amount by—*

11                *“(I) dividing the total amount of*  
12        *account maintenance fees paid under*  
13        *subsection (a)(3) in fiscal year 2006,*  
14        *by*

15                *“(II) the number of loans under*  
16        *part B that were outstanding in that*  
17        *fiscal year; and*

18                *“(ii) determine on October 1 of fiscal*  
19        *year 2008 and each subsequent fiscal year,*  
20        *and pay to each guaranty agency, an*  
21        *amount equal to the product of the number*  
22        *of loans under part B that are outstanding*  
23        *on October 1 of that fiscal year and insured*  
24        *by that guaranty agency, multiplied by—*

1                   “(I) the amount determined under  
2                   clause (i); increased by

3                   “(II) a percentage equal to the  
4                   percentage increase in the GDP price  
5                   index (as determined by the Bureau of  
6                   Labor Statistics of the Department of  
7                   Labor) between the calendar quarter  
8                   ending on June 30, 2006, and the cal-  
9                   endar quarter ending on the June 30  
10                  preceding such October 1 of such fiscal  
11                  year.”.

12 **SEC. 118. INCREASED LOAN FEES FROM LENDERS.**

13                  Paragraph (2) of section 438(d) (20 U.S.C. 1087-  
14 1(d)(2)) is amended to read as follows:

15                  “(2) AMOUNT OF LOAN FEES.—

16                  “(A) AMOUNT.—The amount of the loan fee  
17                  which shall be deducted under paragraph (1),  
18                  but which may not be collected from the bor-  
19                  rower, shall be equal to—

20                  “(i) except as provided in clauses (ii)  
21                  and (iii), 0.50 percent of the principal  
22                  amount of the loan with respect to any loan  
23                  under this part for which the first disburse-  
24                  ment was made on or after October 1, 1993;

1           “(ii) 1.0 percent of the principal  
2           amount of the loan with respect to any loan  
3           under this part for which the first disburse-  
4           ment was made on or after October 1, 2007,  
5           that is held by any holder other than a  
6           holder described in subclause (I) or (II) of  
7           clause (iii); and

8           “(iii) 0.0 percent of the principal  
9           amount of the loan with respect to any loan  
10          under this part for which the first disburse-  
11          ment was made on or after October 1, 2007,  
12          that is held by—

13               “(I) any holder that, together with  
14               its affiliated holders, is designated by  
15               the Secretary as a small lender under  
16               subparagraph (B); or

17               “(II) any holder that—

18                       “(aa) is a unit of State or  
19                       local government or a nonprofit  
20                       private entity; and

21                       “(bb) is not owned in whole  
22                       or in part by, or controlled or op-  
23                       erated by, or otherwise affiliated  
24                       with, a for-profit entity.

1                   “(B) *DESIGNATION OF SMALL LENDERS.*—  
2                   *In determining which holders of eligible loans*  
3                   *qualify as small lenders for purposes of subpara-*  
4                   *graph (A)(iii)(I), the Secretary shall, using the*  
5                   *most recently available data with respect to the*  
6                   *total principal amount of eligible loans held by*  
7                   *holders—*

8                   “(i) *rank all holders of eligible loans*  
9                   *(combined with their affiliated holders) in*  
10                   *descending order by total principal amount*  
11                   *of eligible loans held;*

12                   “(ii) *calculate the total principal*  
13                   *amount of eligible loans held by all holders;*  
14                   *and*

15                   “(iii) *identify the subset of consec-*  
16                   *utively ranked holders under clause (i), start-*  
17                   *ing with the lowest ranked holder, that to-*  
18                   *gether hold a total principal amount of such*  
19                   *loans equal to 15 percent of the total*  
20                   *amount calculated under clause (ii), but ex-*  
21                   *cluding the holder, if any, whose holdings*  
22                   *when added cause the total holdings of the*  
23                   *subset to equal but not exceed such 15 per-*  
24                   *cent of such total amount calculated; and*

1                   “(iv) designate as small lenders any  
2                   holder identified as a member of the subset  
3                   under clause (iii).”.

4 **SEC. 119. STUDENT LOAN INFORMATION.**

5           Section 428(k) (20 U.S.C. 1078(k)) is amended by  
6 adding at the end the following new paragraph:

7                   “(4) *STUDENT LOAN INFORMATION.*—

8                   “(A) Notwithstanding any other provision  
9                   of law or regulation, a lender, secondary market,  
10                  holder, or guaranty agency shall provide, free of  
11                  charge and in a timely and effective manner,  
12                  any student loan information maintained by  
13                  that entity that is requested by an institution of  
14                  higher education or any third-party servicer (as  
15                  defined in section 481(c)) working on behalf of  
16                  that institution to prevent student loan defaults.

17                  “(B) An institution and any third-party  
18                  servicer obtaining access to information under  
19                  subparagraph (A) shall safeguard that informa-  
20                  tion in order to prevent potential abuses of that  
21                  information, including identity theft.

22                  “(C) Any third party servicer that obtains  
23                  information under this paragraph—

24                          “(i) shall only use the information in  
25                          a manner directly related to the default pre-

1                    *vention work the servicer is performing on*  
2                    *behalf of the institution of higher education;*  
3                    *and*

4                    *“(ii) shall be subject to any regulations*  
5                    *established by the Secretary pursuant to sec-*  
6                    *tion 432 concerning the misuse of such in-*  
7                    *formation, including any penalties for such*  
8                    *misuse.”.*

9    **SEC. 120. MARKET-BASED DETERMINATION OF LENDER RE-**  
10                    **URNS.**

11                    *(a) JOINT PLANNING STUDY TO SELECT AUCTION*  
12    *MECHANISMS FOR TESTING.—*

13                    *(1) PLANNING STUDY.—The Secretaries of Edu-*  
14                    *cation and Treasury jointly shall conduct a planning*  
15                    *study, in consultation with the Office of Management*  
16                    *and Budget, the Congressional Budget Office, the Gen-*  
17                    *eral Accounting Office, and other individuals and en-*  
18                    *tities the Secretaries determines appropriate, to—*

19                    *(A) examine the matters described in para-*  
20                    *graph (2) in order to determine which market-*  
21                    *based mechanisms for determining lender returns*  
22                    *on loans made, insured, or guaranteed under*  
23                    *part B of title IV of the Higher Education Act*  
24                    *of 1965 (20 U.S.C. 1071 et seq.) shall be tested*

1           *under the pilot programs described in subsection*  
2           *(c); and*

3           *(B) determine what related administrative*  
4           *and other changes will be required in order to*  
5           *ensure that high-quality services are provided*  
6           *under a successful implementation of market-*  
7           *based determinations of lender returns for all*  
8           *loans made, insured, or guaranteed under such*  
9           *part.*

10          (2) *MATTERS EXAMINED.—The planning study*  
11          *under this subsection shall examine—*

12                 *(A) whether it is most appropriate to auc-*  
13                 *tion existing loans under part B of title IV of*  
14                 *such Act, to auction the rights to originate loans*  
15                 *under such part, or whether the sale of securities*  
16                 *backed by federally-owned student loan assets*  
17                 *originated by banks acting as agents of the Fed-*  
18                 *eral Government would provide the most efficient*  
19                 *market-based alternative;*

20                 *(B) matters related to efficient financial or-*  
21                 *ganization of any auctions or sales of loans*  
22                 *under such part, including how loans and origi-*  
23                 *nation rights are bundled, the capital structure*  
24                 *of any securitization plan, and issues related to*  
25                 *servicing; and*

1           (C) *how to ensure that statutory, regu-*  
2           *latory, and administrative requirements do not*  
3           *impede separate management and ownership of*  
4           *loans or assets backed by loans under part B of*  
5           *title IV of such Act.*

6           (3) *MECHANISMS.—In determining which mar-*  
7           *ket-based mechanisms are the most promising models*  
8           *to test the pilot programs under subsection (b), the*  
9           *planning study shall take into account whether a par-*  
10          *ticular market-based mechanism will—*

11           (A) *ensure loan availability under part B*  
12          *of title IV of such Act to all eligible students at*  
13          *all participating institutions;*

14           (B) *minimize administrative complexity for*  
15          *borrowers, institutions, lenders, and the Federal*  
16          *Government; and*

17           (C) *reduce Federal costs if used on a pro-*  
18          *gram-wide basis.*

19          (4) *REPORT.—A report on the results of the*  
20          *planning study, together with a plan for implementa-*  
21          *tion of one or more pilot programs using promising*  
22          *market-based approaches for determining lender re-*  
23          *turns, shall be transmitted to Congress not later than*  
24          *6 months after the date of enactment of this Act.*

25          (b) *PILOT PROGRAMS TO BE TESTED.—*

1           (1) *AUTHORIZATION.*—

2                   (A) *IN GENERAL.*—*Notwithstanding any*  
3 *other provision of law, after the report described*  
4 *in subsection (a)(4) is transmitted to Congress,*  
5 *the Secretary of Education shall, in consultation*  
6 *with the Secretary of the Treasury, begin prep-*  
7 *arations necessary to carry out pilot programs*  
8 *meeting the requirements of this subsection in*  
9 *accordance with the implementation plan in-*  
10 *cluded in such report.*

11                   (B) *IMPLEMENTATION DATE.*—*The Sec-*  
12 *retary of Education shall commence implementa-*  
13 *tion of the pilot programs under this subsection*  
14 *not earlier than July 1, 2008.*

15                   (C) *DURATION AND LOAN VOLUME.*—*The*  
16 *pilot programs under this subsection shall be not*  
17 *more than two academic years in duration, and*  
18 *the Secretary of Education may use the pilot*  
19 *programs to determining the lender returns for*  
20 *not more than—*

21                           (i) *10 percent of the annual loan vol-*  
22 *ume under part B of title IV of the Higher*  
23 *Education Act of 1965 during the first year*  
24 *of the pilot programs under this subsection;*  
25 *and*

1                   (ii) 20 percent of the annual loan vol-  
2                   ume under part B of title IV of such Act  
3                   during the second year of the pilot pro-  
4                   grams under this subsection.

5                   (2) VOLUNTARY PARTICIPATION.—

6                   (A) Participation in any auction-based  
7                   pilot program under this subsection shall be vol-  
8                   untary for eligible institutions and eligible lend-  
9                   ers participating under part B of title IV of such  
10                  Act prior to July 1, 2006.

11                  (B) All savings to the United States Treas-  
12                  ury generated by such auctions shall be distrib-  
13                  uted to institutions participating under this sub-  
14                  section on a basis proportionate to loan volume  
15                  under such part for supplemental, need-based fi-  
16                  nancial aid, except that an institution that is  
17                  operating as an eligible lender under section  
18                  435(d)(2) of such Act shall not be eligible for any  
19                  such distribution.

20                  (3) INDEPENDENT EVALUATION.—The Govern-  
21                  ment Accountability Office shall conduct an inde-  
22                  pendent evaluation of the pilot programs under this  
23                  subsection, which evaluation shall be completed, and  
24                  the results of such submitted to the Secretary of Edu-  
25                  cation, the Secretary of the Treasury, and Congress,

1        *not later than 120 days after the termination of such*  
2        *pilot programs.*

3        (c) *PROGRAM-WIDE IMPLEMENTATION.—Notwith-*  
4        *standing any other provision of part B of title IV of the*  
5        *Higher Education Act of 1965, for the first academic year*  
6        *beginning not less than 120 days after the independent eval-*  
7        *uation described in subsection (b)(3) has been transmitted*  
8        *to Congress, and succeeding academic years, the Secretary*  
9        *of Education is authorized to implement for all loans made*  
10       *under such part, a program-wide, market-based system to*  
11       *determine returns to all lenders as the Secretary of Edu-*  
12       *cation determines appropriate, provided that—*

13                (1) *the Secretary of Education, in consultation*  
14                *with the Secretary of the Treasury, has certified that*  
15                *the auction-based system that the Secretary of Edu-*  
16                *cation intends to implement on a program-wide basis*  
17                *would—*

18                        (A) *ensure loan availability under such*  
19                        *part to all eligible students at all participating*  
20                        *institutions;*

21                        (B) *minimize administrative complexity for*  
22                        *borrowers, institutions, lenders, and the Federal*  
23                        *Government, including the enhancement of the*  
24                        *modernization of the student financial aid sys-*  
25                        *tem; and*

1           (C) reduce Federal costs when used on a  
2           program-wide basis; and

3           (2) the Secretary of Education has notified Con-  
4           gress of the Secretary's intent to implement a pro-  
5           gram-wide auction based system, and has provided a  
6           description of the structure of such auction-based sys-  
7           tem, at least 120 days before implementing such sys-  
8           tem.

9           (d) CONSULTATION.—

10           (1) IN GENERAL.—As part of the planning  
11           study, pilot programs, and program-wide implemen-  
12           tation phases described in this section, the Secretary  
13           of Education shall consult with representatives of in-  
14           vestment banks, ratings agencies, lenders, institutions  
15           of higher education, and students, as well as individ-  
16           uals or other entities with pertinent technical exper-  
17           tise. The Secretary of Education shall engage in such  
18           consultations using such methods as, and to the extent  
19           that, the Secretary determines appropriate to the time  
20           constraints associated with the study, programs, and  
21           implementation.

22           (2) SERVICES OF OTHER FEDERAL AGENCIES.—  
23           In carrying out the planning study and pilot pro-  
24           grams described in this section, the Secretary of Edu-  
25           cation may use, on a reimbursable basis, the services

1       *(including procurement authorities and services),*  
2       *equipment, personnel, and facilities of other agencies*  
3       *and instrumentalities of the Federal Government.*

4       **PART C—REWARDING SERVICE IN REPAYMENT**

5       **SEC. 131. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**  
6               **NATIONAL NEED.**

7       *Section 428K (20 U.S.C. 1078–11) is amended to read*  
8       *as follows:*

9       **“SEC. 428K. LOAN FORGIVENESS FOR SERVICE IN AREAS OF**  
10               **NATIONAL NEED.**

11       **“(a) PROGRAM AUTHORIZED.—**

12               **“(1) LOAN FORGIVENESS AUTHORIZED.—***The*  
13       *Secretary shall forgive, in accordance with this sec-*  
14       *tion, the student loan obligation of a borrower in the*  
15       *amount specified in subsection (c), for any new bor-*  
16       *rower after the date of enactment of the College Cost*  
17       *Reduction Act of 2007, who—*

18               **“(A) is employed full-time in an area of na-**  
19       **tional need described in subsection (b); and**

20               **“(B) is not in default on a loan for which**  
21       **the borrower seeks forgiveness.**

22       **“(2) METHOD OF LOAN FORGIVENESS.—***To pro-*  
23       *vide loan forgiveness under paragraph (1), the Sec-*  
24       *retary is authorized to carry out a program—*

1           “(A) through the holder of the loan, to as-  
2           sume the obligation to repay a qualified loan  
3           amount for a loan made, insured, or guaranteed  
4           under this part; and

5           “(B) to cancel a qualified loan amount for  
6           a loan made under part D of this title.

7           “(3) *REGULATIONS.*—The Secretary is author-  
8           ized to issue such regulations as may be necessary to  
9           carry out the provisions of this section.

10          “(b) *AREAS OF NATIONAL NEED.*—For purposes of this  
11          section, an individual shall be treated as employed in an  
12          area of national need if the individual is employed full-  
13          time as any of the following:

14               “(1) *EARLY CHILDHOOD EDUCATORS.*—An indi-  
15               vidual who is employed as an early childhood educa-  
16               tor in an eligible preschool program or eligible early  
17               childhood education program in a low-income com-  
18               munity, and who is involved directly in the care, de-  
19               velopment, and education of infants, toddlers, or  
20               young children age 5 and under.

21               “(2) *NURSES.*—An individual who is em-  
22               ployed—

23                       “(A) as a nurse in a clinical setting; or

24                       “(B) as a member of the nursing faculty at  
25                       an accredited school of nursing (as those terms

1           are defined in section 801 of the Public Health  
2           Service Act (42 U.S.C. 296)).

3           “(3) *FOREIGN LANGUAGE SPECIALISTS.*—An in-  
4           dividual who has obtained a baccalaureate degree in  
5           a critical foreign language and is employed—

6                   “(A) in an elementary or secondary school  
7                   as a teacher of a critical foreign language; or

8                   “(B) in an agency of the United States  
9                   Government in a position that regularly requires  
10                  the use of such critical foreign language.

11          “(4) *LIBRARIANS.*—An individual who is em-  
12          ployed as a librarian in—

13                   “(A) a public library that serves a geo-  
14                   graphic area within which the public schools  
15                   have a combined average of 30 percent or more  
16                   of their total student enrollments composed of  
17                   children counted under section 1113(a)(5) of the  
18                   Elementary and Secondary Education Act of  
19                   1965; or

20                   “(B) an elementary or secondary school  
21                   which is in the school district of a local edu-  
22                   cational agency which is eligible in such year for  
23                   assistance pursuant to title I of the Elementary  
24                   and Secondary Education Act of 1965, and  
25                   which for the purpose of this paragraph and for

1           that year has been determined by the Secretary  
2           (pursuant to regulations and after consultation  
3           with the State educational agency of the State in  
4           which the school is located) to be a school in  
5           which the enrollment of children counted under  
6           section 1113(a)(5) of the Elementary and Sec-  
7           ondary Education Act of 1965 exceeds 30 percent  
8           of the total enrollment of that school.

9           “(5) *HIGHLY QUALIFIED TEACHERS: BILINGUAL*  
10          *EDUCATION AND LOW-INCOME COMMUNITIES.*—An in-  
11          dividual who—

12                 “(A) is highly qualified as such term is de-  
13                 fined in section 9101 of the Elementary and Sec-  
14                 ondary Education Act of 1965; and

15                 “(B)(i) is employed as a full-time teacher of  
16                 bilingual education; or

17                 “(i) is employed as a teacher in a public  
18                 or nonprofit private elementary or secondary  
19                 school which is in the school district of a local  
20                 educational agency which is eligible in such year  
21                 for assistance pursuant to title I of the Elemen-  
22                 tary and Secondary Education Act of 1965, and  
23                 which for the purpose of this paragraph and for  
24                 that year has been determined by the Secretary  
25                 (pursuant to regulations and after consultation

1           *with the State educational agency of the State in*  
2           *which the school is located) to be a school in*  
3           *which the enrollment of children counted under*  
4           *section 1113(a)(5) of the Elementary and Sec-*  
5           *ondary Education Act of 1965 exceeds 40 percent*  
6           *of the total enrollment of that school.*

7           “(6) *CHILD WELFARE WORKERS.*—*An individual*  
8           *who—*

9                   “(A) *has obtained a degree in social work or*  
10                  *a related field with a focus on serving children*  
11                  *and families; and*

12                   “(B) *is employed in public or private child*  
13                  *welfare services.*

14           “(7) *SPEECH-LANGUAGE PATHOLOGISTS.*—*An*  
15           *individual who is a speech-language pathologist, who*  
16           *is employed in an eligible preschool program or an el-*  
17           *ementary or secondary school, and who has, at a min-*  
18           *imum, a graduate degree in speech-language pathol-*  
19           *ogy, or communication sciences and disorders.*

20           “(8) *NATIONAL SERVICE.*—*An individual who is*  
21           *engaged as a participant in a project under the Na-*  
22           *tional and Community Service Act of 1990 (as such*  
23           *terms are defined in section 101 of such Act (42*  
24           *U.S.C. 12511)).*

1           “(9) *PUBLIC SECTOR EMPLOYEES.*—An indi-  
2           *vidual who is employed in public safety (including as*  
3           *a first responder, firefighter, police officer, or other*  
4           *law enforcement or public safety officer), emergency*  
5           *management (including as an emergency medical*  
6           *technician), public health, or public interest legal*  
7           *services (including prosecution or public defense).*

8           “(c) *QUALIFIED LOAN AMOUNT.*—At the end of each  
9           *school, academic, or calendar year of full-time employment*  
10           *in an area of national need described in subsection (b), not*  
11           *to exceed 5 years, the Secretary shall forgive not more than*  
12           *\$1,000 of the student loan obligation of a borrower that is*  
13           *outstanding after the completion of each such school, aca-*  
14           *demic, or calendar year of employment, as appropriate, not*  
15           *to exceed \$5,000 in the aggregate for any borrower.*

16           “(d) *CONSTRUCTION.*—Nothing in this section shall be  
17           *construed to authorize the refunding of any repayment of*  
18           *a loan.*

19           “(e) *SEGAL AMERICORPS EDUCATION AWARD AND NA-*  
20           *TIONAL SERVICE AWARD RECIPIENTS.*—A student borrower  
21           *who qualifies for the maximum education award under sub-*  
22           *title D of title I of the National and Community Service*  
23           *Act of 1990 (42 U.S.C. 12601 et seq.) shall receive under*  
24           *this section the amount, if any, by which the maximum*

1 *benefit available under this section exceeds the maximum*  
2 *education award available under such subtitle.*

3 “(f) *INELIGIBILITY FOR DOUBLE BENEFITS.*—No bor-  
4 *rower may receive a reduction of loan obligations under*  
5 *both this section and section 428J or 460.*

6 “(g) *DEFINITIONS.*—*In this section:*

7 “(1) *CRITICAL FOREIGN LANGUAGE.*—*The term*  
8 *‘critical foreign language’ includes the languages of*  
9 *Arabic, Korean, Japanese, Chinese, Pashto, Persian-*  
10 *Farsi, Serbian-Croatian, Russian, Portuguese, and*  
11 *any other language identified by the Secretary of*  
12 *Education, in consultation with the Defense Lan-*  
13 *guage Institute, the Foreign Service Institute, and the*  
14 *National Security Education Program, as a critical*  
15 *foreign language need.*

16 “(2) *EARLY CHILDHOOD EDUCATOR.*—*The term*  
17 *‘early childhood educator’ means an early childhood*  
18 *educator who works directly with children in an eligi-*  
19 *ble preschool program or eligible early childhood edu-*  
20 *cation program who has completed a baccalaureate or*  
21 *advanced degree in early childhood development, early*  
22 *childhood education, or in a field related to early*  
23 *childhood education.*

24 “(3) *ELIGIBLE PRESCHOOL PROGRAM.*—*The*  
25 *term ‘eligible preschool program’ means a program*

1 *that provides for the care, development, and education*  
2 *of infants, toddlers, or young children age 5 and*  
3 *under, meets any applicable State or local govern-*  
4 *ment licensing, certification, approval, and registra-*  
5 *tion requirements, and is operated by—*

6 *“(A) a public or private school that is sup-*  
7 *ported, sponsored, supervised, or administered by*  
8 *a local educational agency;*

9 *“(B) a Head Start agency serving as a*  
10 *grantee designated under the Head Start Act (42*  
11 *U.S.C. 9831 et seq.);*

12 *“(C) a nonprofit or community based orga-*  
13 *nization; or*

14 *“(D) a child care program, including a*  
15 *home.*

16 *“(4) ELIGIBLE EARLY CHILDHOOD EDUCATION*  
17 *PROGRAM.—The term ‘eligible early childhood edu-*  
18 *cation program’ means—*

19 *“(A) a family child care program, center-*  
20 *based child care program, State prekindergarten*  
21 *program, school program, or other out-of-home*  
22 *early childhood development care program,*  
23 *that—*

24 *“(i) is licensed or regulated by the*  
25 *State; and*

1                   “(ii) serves 2 or more unrelated chil-  
2                   dren who are not old enough to attend kin-  
3                   dergarten;

4                   “(B) a Head Start Program carried out  
5                   under the Head Start Act (42 U.S.C. 9831 et  
6                   seq.); or

7                   “(C) an Early Head Start Program carried  
8                   out under section 645A of the Head Start Act  
9                   (42 U.S.C. 9840a).

10                  “(5) *LOW-INCOME COMMUNITY*.—In this sub-  
11                  section, the term ‘low-income community’ means a  
12                  community in which 70 percent of households earn  
13                  less than 85 percent of the State median household in-  
14                  come.

15                  “(6) *NURSE*.—The term ‘nurse’ means a nurse  
16                  who meets all of the following:

17                         “(A) The nurse graduated from—

18                                 “(i) an accredited school of nursing (as  
19                                 those terms are defined in section 801 of the  
20                                 Public Health Service Act (42 U.S.C. 296));

21                                 “(ii) a nursing center; or

22                                 “(iii) an academic health center that  
23                                 provides nurse training.

1           “(B) *The nurse holds a valid and unre-*  
2           *stricted license to practice nursing in the State*  
3           *in which the nurse practices in a clinical setting.*

4           “(C) *The nurse holds one or more of the fol-*  
5           *lowing:*

6                   “(i) *A graduate degree in nursing, or*  
7                   *an equivalent degree.*

8                   “(ii) *A nursing degree from a collegiate*  
9                   *school of nursing (as defined in section 801*  
10                   *of the Public Health Service Act (42 U.S.C.*  
11                   *296)).*

12                   “(iii) *A nursing degree from an asso-*  
13                   *ciate degree school of nursing (as defined in*  
14                   *section 801 of the Public Health Service Act*  
15                   *(42 U.S.C. 296)).*

16                   “(iv) *A nursing degree from a diploma*  
17                   *school of nursing (as defined in section 801*  
18                   *of the Public Health Service Act (42 U.S.C.*  
19                   *296)).*

20           “(7) *SPEECH-LANGUAGE PATHOLOGIST.—The*  
21           *term ‘speech-language pathologist’ means a speech-*  
22           *language pathologist who—*

23                   “(A) *has received, at a minimum, a grad-*  
24                   *uate degree in speech-language pathology or com-*  
25                   *munication sciences and disorders from an insti-*

1           *tution of higher education accredited by an agen-*  
2           *cy or association recognized by the Secretary*  
3           *pursuant to section 496(a) of this Act; and*

4                   “(B) *provides speech-language pathology*  
5           *services under section 1861(l)(1) of the Social*  
6           *Security Act (42 U.S.C. 1395x(l)(1), or meets or*  
7           *exceeds the qualifications for a qualified speech-*  
8           *language pathologist under subsection (l)(3) of*  
9           *such section (42 U.S.C. 1395x(l)(3)).*

10           “(h) *PROGRAM FUNDING.—There shall be available to*  
11           *the Secretary to carry out this section, from funds not other-*  
12           *wise appropriated, such sums as may be necessary to pro-*  
13           *vide loan forgiveness in accordance with this section to each*  
14           *eligible individual.”.*

15           **SEC. 132. INCOME-CONTINGENT REPAYMENT FOR PUBLIC**  
16                   **SECTOR EMPLOYEES.**

17           *Section 455(e) (20 U.S.C. 1087e(e)) is amended by*  
18           *adding at the end the following:*

19                   “(7) *REPAYMENT PLAN FOR PUBLIC SECTOR EM-*  
20           *PLOYEES.—*

21                           “(A) *IN GENERAL.—The Secretary shall for-*  
22           *give the balance due on any loan made under*  
23           *this part or section 428C(b)(5) for a borrower—*

1                   “(i) who has made 120 payments on  
2                   such loan pursuant to income-contingent re-  
3                   payment; and

4                   “(ii) who is employed, and was em-  
5                   ployed for the 10-year period in which the  
6                   borrower made the 120 payments described  
7                   in clause (i), in a public sector job.

8                   “(B) *PUBLIC SECTOR JOB.*—In this para-  
9                   graph, the term ‘public sector job’ means a full-  
10                  time job in emergency management, government,  
11                  public safety, law enforcement, public health,  
12                  education (including early childhood education),  
13                  social work in a public child or family service  
14                  agency, or public interest legal services (includ-  
15                  ing prosecution or public defense).

16                  “(8) *RETURN TO STANDARD REPAYMENT.*—A  
17                  borrower who is repaying a loan made under this  
18                  part pursuant to income-contingent repayment may  
19                  choose, at any time, to terminate repayment pursuant  
20                  to income-contingent repayment and repay such loan  
21                  under the standard repayment plan.”.

22 **SEC. 133. INCOME-BASED REPAYMENT.**

23                  (a) *AMENDMENT.*—Part G of title IV (20 U.S.C. 1088  
24                  et seq.) is further amended by adding at the end the fol-  
25                  lowing:

1 **“SEC. 493C. INCOME-BASED REPAYMENT.**

2 “(a) *DEFINITIONS.—In this section:*

3 “(1) *EXCEPTED PLUS LOAN.—The term ‘excepted*  
4 *PLUS loan’ means a loan under section 428B, or a*  
5 *Federal Direct PLUS Loan, that is made, insured, or*  
6 *guaranteed on behalf of a dependent student.*

7 “(2) *PARTIAL FINANCIAL HARDSHIP.—The term*  
8 *‘partial financial hardship’, when used with respect*  
9 *to a borrower, means that for such borrower—*

10 “(A) *the annual amount due on the total*  
11 *amount of loans made, insured, or guaranteed*  
12 *under part B or D (other than an excepted*  
13 *PLUS loan) to a borrower as calculated under*  
14 *the standard repayment plan under section*  
15 *428(b)(9)(A)(i) or 455(d)(1)(A); exceeds*

16 “(B) *15 percent of the result obtained by*  
17 *calculating the amount by which—*

18 “(i) *the borrower’s, and the borrower’s*  
19 *spouse’s (if applicable), adjusted gross in-*  
20 *come; exceeds*

21 “(ii) *150 percent of the poverty line*  
22 *applicable to the borrower’s family size as*  
23 *determined under section 673(2) of the*  
24 *Community Services Block Grant Act (42*  
25 *U.S.C. 9902(2)).*

1           “(b) *INCOME-BASED REPAYMENT PROGRAM AUTHOR-*  
2 *IZED.—Notwithstanding any other provision of this Act, the*  
3 *Secretary shall carry out a program under which—*

4                   “(1) *a borrower of any loan made, insured, or*  
5 *guaranteed under part B or D (other than an ex-*  
6 *cepted PLUS loan) who has a partial financial hard-*  
7 *ship may elect, during any period the borrower has*  
8 *the partial financial hardship, to have the borrower’s*  
9 *aggregate monthly payment for all such loans not ex-*  
10 *ceed the result described in subsection (a)(2)(B) di-*  
11 *vided by 12;*

12                   “(2) *the holder of such a loan shall apply the*  
13 *borrower’s monthly payment under this subsection*  
14 *first toward interest due on the loan and then toward*  
15 *the principal of the loan;*

16                   “(3) *any interest due and not paid under para-*  
17 *graph (2) shall be capitalized;*

18                   “(4) *any principal due and not paid under*  
19 *paragraph (2) shall be deferred;*

20                   “(5) *the amount of time the borrower makes*  
21 *monthly payments under paragraph (1) may exceed*  
22 *10 years;*

23                   “(6) *if the borrower no longer has a partial fi-*  
24 *nancial hardship or no longer wishes to continue the*  
25 *election under this subsection, then—*

1           “(A) the maximum monthly payment re-  
2           quired to be paid for all loans made to the bor-  
3           rower under part B or D (other than an excepted  
4           PLUS loan) shall not exceed the monthly  
5           amount calculated under section 428(b)(9)(A)(i)  
6           or 455(d)(1)(A) when the borrower first made the  
7           election described in this subsection; and

8           “(B) the amount of time the borrower is  
9           permitted to repay such loans may exceed 10  
10          years;

11          “(7) the Secretary shall repay or cancel any out-  
12          standing balance of principal and interest due on all  
13          loans made under part B or D (other than a loan  
14          under section 428B or a Federal Direct PLUS Loan)  
15          to a borrower who—

16               “(A) is in deferment due to an economic  
17               hardship described in section 435(o) for a period  
18               of time prescribed by the Secretary, not to exceed  
19               20 years; or

20               “(B)(i) makes the election to participate in  
21               income-based repayment under paragraph (1);  
22               and

23               “(ii) for a period of time prescribed by the  
24               Secretary, not to exceed 20 years (including any  
25               period during which the borrower is in

1           *deferment due to an economic hardship described*  
2           *in section 435(o)), meets 1 or more of the fol-*  
3           *lowing requirements:*

4                   “(I) *has made reduced monthly pay-*  
5                   *ments under paragraph (1);*

6                   “(II) *has made monthly payments of*  
7                   *not less than the monthly amount calculated*  
8                   *under section 428(b)(9)(A)(i) or*  
9                   *455(d)(1)(A) when the borrower first made*  
10                  *the election described in this subsection;*

11                  “(III) *has made payments under a*  
12                  *standard repayment plan under section*  
13                  *428(b)(9)(A)(i) or 455(d)(1)(A);*

14                  “(IV) *has made payments under an in-*  
15                  *come-contingent repayment plan under sec-*  
16                  *tion 455(d)(1)(D); and*

17                  “(8) *a borrower who is repaying a loan made*  
18                  *under this part pursuant to income-based repayment*  
19                  *may elect, at any time, to terminate repayment pur-*  
20                  *suant to income-based repayment and repay such*  
21                  *loan under the standard repayment plan.”.*

22           (b) *CONFORMING ICR AMENDMENT.—Section*  
23           *455(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)) is amended by in-*  
24           *serting “made on behalf of a dependent student” after*  
25           *“PLUS loan”.*

1 **SEC. 134. DEFINITION OF ECONOMIC HARDSHIP.**

2 *Section 435(o) (20 U.S.C. 1085(o)) is amended—*

3 *(1) in paragraph (1)—*

4 *(A) in subparagraph (A)(ii)—*

5 *(i) by striking “100 percent of the pov-*  
6 *erty line for a family of 2” and inserting*  
7 *“150 percent of the poverty line applicable*  
8 *to the borrower’s family size”; and*

9 *(ii) by inserting “or” after the semi-*  
10 *colon;*

11 *(B) by striking subparagraph (B); and*

12 *(C) by redesignating subparagraph (C) as*  
13 *subparagraph (B); and*

14 *(2) in paragraph (2), by striking “(1)(C)” and*  
15 *inserting “(1)(B)”.*

16 **SEC. 135. DEFERRALS.**

17 *(a) FISL.—Section 427(a)(2)(C)(iii) (20 U.S.C.*  
18 *1077(a)(2)(C)(iii)) is amended by striking “not in excess*  
19 *of 3 years”.*

20 *(b) INTEREST SUBSIDIES.—Section 428(b)(1)(M)(iv)*  
21 *(20 U.S.C. 1078(b)(1)(M)(iv)) is amended by striking “not*  
22 *in excess of 3 years”.*

23 *(c) DIRECT LOANS.—Section 455(f)(2)(D) (20 U.S.C.*  
24 *1087e(f)(2)(D)) is amended by striking “not in excess of*  
25 *3 years”.*

1       (d) *PERKINS*.—Section 464(c)(2)(A)(iv) (20 U.S.C.  
2 1087dd(c)(2)(A)(iv)) is amended by striking “not in excess  
3 of 3 years”.

4 **SEC. 136. MAXIMUM REPAYMENT PERIOD.**

5       (a) *IN GENERAL*.—Section 455(e) (20 U.S.C. 1087e(e))  
6 is amended by adding at the end the following:

7               “(9) *MAXIMUM REPAYMENT PERIOD*.—In calcu-  
8 lating the extended period of time for which an in-  
9 come-contingent repayment plan under this sub-  
10 section may be in effect for a borrower, the Secretary  
11 shall include all time periods during which a bor-  
12 rower of loans under part B, part D, or part E—

13                       “(A) is not in default on any loan that is  
14 included in the income-contingent repayment  
15 plan; and

16                       “(B)(i) is in deferment due to an economic  
17 hardship described in section 435(o);

18                       “(ii) makes monthly payments under para-  
19 graph (1) or (6) of section 493C(b); or

20                       “(iii) makes payments under a standard re-  
21 payment plan described in section  
22 428(b)(9)(A)(i) or subsection (d)(1)(A).”.

23       (b) *TECHNICAL CORRECTION*.—Section 455(d)(1)(C)  
24 (20 U.S.C. 1087e(d)(1)(C)) is amended by striking  
25 “428(b)(9)(A)(v)” and inserting “428(b)(9)(A)(iv)”.

1 **SEC. 137. DEFERRAL OF LOAN REPAYMENT FOLLOWING AC-**  
2 **TIVE DUTY.**

3 *Part G of title IV is amended by inserting after section*  
4 *484B (20 U.S.C. 1091b) the following new section:*

5 **“SEC. 484C. DEFERRAL OF LOAN REPAYMENT FOLLOWING**  
6 **ACTIVE DUTY.**

7 *“(a) DEFERRAL OF LOAN REPAYMENT FOLLOWING*  
8 *ACTIVE DUTY.—In addition to any deferral of repayment*  
9 *of a loan made under this title pursuant to section*  
10 *428(b)(1)(M)(iii), 455(f)(2)(C), or 464(c)(2)(A)(ii), a bor-*  
11 *rower of a loan under this title who is a member of the*  
12 *National Guard or other reserve component of the Armed*  
13 *Forces of the United States, or a member of such Armed*  
14 *Forces in a retired status, is called or ordered to active*  
15 *duty, and is currently enrolled, or was enrolled within six*  
16 *months prior to the activation, in a program of instruction*  
17 *at an eligible institution, shall be eligible for a deferment*  
18 *during the 13 months following the conclusion of such serv-*  
19 *ice, except that a deferment under this subsection shall ex-*  
20 *pire upon the borrower’s return to enrolled student status.*

21 *“(b) ACTIVE DUTY.—Notwithstanding section 481(d),*  
22 *in this section, the term ‘active duty’ has the meaning given*  
23 *such term in section 101(d)(1) of title 10, United States*  
24 *Code, except that such term—*

25 *“(1) does not include active duty for training or*  
26 *attendance at a service school; but*

1           “(2) includes, in the case of members of the Na-  
2           tional Guard, active State duty.”.

3 **SEC. 138. SENSE OF THE CONGRESS; REPORT.**

4           (a) *SENSE OF CONGRESS.*—It is the sense of the Con-  
5 gress that—

6           (1) in order to provide the borrowers of Federal  
7           student loans with the option of converting their loans  
8           to income-contingent repayment by providing direct  
9           loans for the discharge of such loans (in this section  
10           referred to as “direct IDEA loans”), the Secretary of  
11           Education and the Secretary of the Treasury will  
12           work together with the Government Accountability Of-  
13           fice to develop a process by which the borrower will  
14           make payments on such loan using the income tax  
15           withholding system and will make appropriate ad-  
16           justments to his or her withholding or estimated tax  
17           payments for such purposes;

18           (2) the Secretaries shall determine—

19           (A) whether such a repayment option would  
20           be beneficial to borrowers and taxpayers; and

21           (B) how such program would be imple-  
22           mented by the Departments of Education and  
23           Treasury; and

24           (3) this process would—

1           (A) streamline the repayment process and  
2           provide greater flexibility for borrowers electing  
3           to use the direct IDEA loan;

4           (B) significantly reduce the number of loan  
5           defaults by borrowers; and

6           (C) significantly reduce the redundancy in  
7           reporting information pertaining to income-con-  
8           tingent repayment to the Department of Edu-  
9           cation, institutions, and applicants.

10       (b) REPORT.—The Secretaries of Education and the  
11       Treasury shall, within one year after the date of enactment  
12       of this Act—

13           (1) provide the Congress with information on the  
14           progress in devising the direct IDEA loan with in-  
15           come-contingent repayment using the income tax  
16           withholding system;

17           (2) inform the Congress of any necessary statu-  
18           tory changes for the purpose of establishing a direct  
19           IDEA loan with income-contingent repayment using  
20           the income tax withholding system; and

21           (3) consider international programs dem-  
22           onstrating implementation of income-contingent re-  
23           payment collected through revenue services, such as  
24           programs in England, Australia, and New Zealand.



1 **“SEC. 132. STATE COMMITMENT TO AFFORDABLE COLLEGE**  
2 **EDUCATION.**

3       “(a) *MAINTENANCE OF EFFORT REQUIRED.*—No State  
4 shall reduce the total amount provided by the State for pub-  
5 lic institutions of higher education in such State for any  
6 academic year beginning on or after July 1, 2008, to an  
7 amount which is less than the average amount provided by  
8 such State to such institutions of higher education during  
9 the 5 most recent preceding academic years for which satis-  
10 factory data is available.

11       “(b) *WAIVER.*—The Secretary may waive the require-  
12 ments of this section, if the Secretary determines that such  
13 a waiver would be equitable due to exceptional or uncontrol-  
14 lable circumstances, such as a natural disaster or a precipi-  
15 tous and unforeseen decline in the financial resources of the  
16 State educational agency.

17       “(c) *WITHHOLDING OF ALL LEAP FUNDS FOR VIOLA-*  
18 *TIONS.*—Notwithstanding any other provision of law, the  
19 Secretary of Education shall withhold from any State that  
20 violates subsection (a) (except a State that receives a waiver  
21 under subsection (b)) any amount that would otherwise be  
22 available to the State under the Leveraging Educational As-  
23 sistance Partnership Program under subpart 4 of part A  
24 of title IV until such State has corrected such violation.”.

1 **SEC. 202. CONSUMER INFORMATION AND PUBLIC ACCOUNT-**  
2 **ABILITY IN HIGHER EDUCATION.**

3 *Section 131 of the Higher Education Act of 1965 (20*  
4 *U.S.C. 1015) is amended to read as follows:*

5 **“SEC. 131. CONSUMER INFORMATION AND PUBLIC AC-**  
6 **COUNTABILITY IN HIGHER EDUCATION.**

7 *“(a) COLLEGE OPPORTUNITY ON-LINE (COOL)*  
8 *WEBSITE RE-DESIGN PROCESS.—In carrying out this sec-*  
9 *tion, the Commissioner of Education Statistics—*

10 *“(1) shall identify the data elements related to*  
11 *college costs that are of greatest importance to pro-*  
12 *spective students, enrolled students, and their fami-*  
13 *lies, paying particular attention to low-income, non-*  
14 *traditional student populations, and first-generation*  
15 *college students;*

16 *“(2) shall convene a group of individuals with*  
17 *expertise in the collection and reporting of data re-*  
18 *lated to institutions of higher education, the use of*  
19 *consumer data, and consumer marketing in general*  
20 *to—*

21 *“(A) determine the relevance of particular*  
22 *data elements to prospective students, enrolled*  
23 *students, and families;*

24 *“(B) assess the cost-effectiveness of various*  
25 *ways in which institutions of higher education*  
26 *might produce relevant data;*

1           “(C) determine the general comparability of  
2           the data across institutions of higher education;  
3           and

4           “(D) make recommendations regarding the  
5           inclusion of specific data items and the most ef-  
6           fective and least burdensome methods of col-  
7           lecting and reporting useful data from institu-  
8           tions of higher education; and

9           “(3) shall ensure that the redesigned COOL  
10          website—

11           “(A) uses, to the extent practicable, data ele-  
12           ments currently provided by institutions of high-  
13           er education to the Secretary;

14           “(B) includes clear and uniform informa-  
15           tion determined to be relevant to prospective stu-  
16           dents, enrolled students, and families;

17           “(C) provides comparable information, by  
18           ensuring that data are based on accepted criteria  
19           and common definitions;

20           “(D) includes a sorting function that per-  
21           mits users to customize their search for and com-  
22           parison of institutions of higher education based  
23           on the information identified through the process  
24           as prescribed in paragraph (1) as being of great-

1           *est relevance to choosing an institution of higher*  
2           *education.*

3           “(b) *DATA COLLECTION.*—

4           “(1) *DATA SYSTEM.*—*The Commissioner of Edu-*  
5           *cation Statistics shall continue to redesign the rel-*  
6           *evant parts of the Integrated Postsecondary Edu-*  
7           *cation Data System to include additional data as re-*  
8           *quired by this section and to continue to improve the*  
9           *usefulness and timeliness of data collected by such*  
10           *System in order to inform consumers about institu-*  
11           *tions of higher education.*

12           “(2) *COLLEGE CONSUMER PROFILE.*—*The Sec-*  
13           *retary shall continue to publish on the COOL website,*  
14           *for each academic year and in accordance with stand-*  
15           *ard definitions developed by the Commissioner of*  
16           *Education Statistics (including definitions developed*  
17           *under section 131(a)(3)(A) as in effect on the day be-*  
18           *fore the date of enactment of the College Cost Reduc-*  
19           *tion Act of 2007), from at least all institutions of*  
20           *higher education participating in programs under*  
21           *title IV the following information:*

22           “(A) *The tuition and fees charged for a*  
23           *first-time, full-time undergraduate student.*

24           “(B) *The room and board charges for a*  
25           *first-time, full-time undergraduate student.*

1           “(C) *The price of attendance for a first-*  
2 *time, full-time undergraduate student, consistent*  
3 *with the provisions of section 472.*

4           “(D) *The average amount of financial as-*  
5 *sistance received by a first-year, full-time under-*  
6 *graduate student, including—*

7                   “(i) *each type of assistance or benefits*  
8 *described in 428(a)(2)(C)(ii);*

9                   “(ii) *institutional and other assistance;*  
10 *and*

11                   “(iii) *Federal loans under parts B, D,*  
12 *and E of title IV.*

13           “(E) *The number of first-time, full-time un-*  
14 *dergraduate students receiving financial assist-*  
15 *ance described in each clause of subparagraph*  
16 *(D).*

17           “(F) *The institutional instructional expend-*  
18 *iture per full-time equivalent student.*

19           “(G) *Student enrollment information, in-*  
20 *cluding information on the number and percent-*  
21 *age of full-time and part-time students, and the*  
22 *number and percentage of resident and non-resi-*  
23 *dent students.*

24           “(H) *Faculty-to-student ratios.*

1           “(I) Faculty information, including the  
2 total number of faculty and the percentage of  
3 faculty who are full-time employees of the insti-  
4 tution and the percentage who are part-time.

5           “(J) Completion and graduation rates of  
6 undergraduate students, identifying whether the  
7 completion or graduation rates are from a 2-  
8 year or 4-year program of instruction and, in  
9 the case of a 2-year program of instruction, the  
10 percentage of students who transfer to 4-year in-  
11 stitutions prior or subsequent to completion or  
12 graduation.

13           “(K) A link to the institution of higher edu-  
14 cation with information of interest to students  
15 including mission, accreditation, student services  
16 (including services for students with disabilities),  
17 transfer of credit policies, any articulation  
18 agreements entered into by the institution, and,  
19 if appropriate, placement rates and other meas-  
20 ures of success in preparing students for entry  
21 into or advancement in the workforce.

22           “(L) The college affordability information  
23 elements specified in subsection (c).

24           “(M) Any additional information that the  
25 Secretary may require.

1       “(c) *COLLEGE AFFORDABILITY INFORMATION ELE-*  
2 *MENTS.—The college affordability information elements re-*  
3 *quired by subsection (b)(2)(L) shall include, for each insti-*  
4 *tution submitting data—*

5               “(1) *the sticker price of the institution for the 3*  
6 *most recent academic years;*

7               “(2) *the net tuition price of the institution for*  
8 *the 3 most recent academic years;*

9               “(3) *the percentage change in both the sticker*  
10 *price and the net tuition price over the 3-year time*  
11 *period that is being reported;*

12               “(4) *the percentage change in the higher edu-*  
13 *cation price index (as defined in section 401B(d))*  
14 *over the same 3-year time period; and*

15               “(5) *whether the institution has been placed on*  
16 *affordability alert status as required by subsection*  
17 *(d)(2).*

18       “(d) *OUTCOMES AND ACTIONS.—*

19               “(1) *RESPONSE FROM INSTITUTION.—Effective*  
20 *on June 30, 2008, an institution that increases its*  
21 *sticker price at a percentage rate for any 3-year in-*  
22 *terval ending on or after that date that exceeds two*  
23 *times the rate of change in the higher education price*  
24 *index (as defined in section 401B(d)) over the same*  
25 *time period shall provide a report to the Secretary, in*

1 *such a form, at such time, and containing such infor-*  
2 *mation as the Secretary may require. Such report*  
3 *shall be published by the Secretary on the COOL*  
4 *website, and shall include—*

5 *“(A) a description of the factors contrib-*  
6 *uting to the increase in the institution’s costs*  
7 *and in the tuition and fees charged to students;*  
8 *and*

9 *“(B) if determinations of tuition and fee in-*  
10 *creases are not within the exclusive control of the*  
11 *institution, a description of the agency or instru-*  
12 *mentality of State government or other entity*  
13 *that participates in such determinations and the*  
14 *authority exercised by such agency, instrumen-*  
15 *tality, or entity.*

16 *“(2) CONSEQUENCES FOR 2-YEAR CONTINUATION*  
17 *OF FAILURE.—If the Secretary determines that an in-*  
18 *stitution that is subject to paragraph (1) has failed*  
19 *to reduce the subsequent increase in sticker price to*  
20 *equal to or below two times the rate of change in the*  
21 *higher education price index (as defined in section*  
22 *401B(d)) for 2 consecutive academic years subsequent*  
23 *to the 3-year interval used under paragraph (1), the*  
24 *Secretary shall place the institution on affordability*  
25 *alert status.*

1           “(3) *EXEMPTIONS.*—*Notwithstanding paragraph*  
2           *(2), an institution shall not be placed on affordability*  
3           *alert status if, for any 3-year interval for which sticker*  
4           *prices are computed under paragraph (1)—*

5                     “(A) *with respect to the class of institutions*  
6                     *described in paragraph (5) to which the institu-*  
7                     *tion belongs, the sticker price of the institution*  
8                     *is in the lowest quartile of institutions within*  
9                     *such class, as determined by the Secretary, dur-*  
10                    *ing the last year of such 3-year interval; or*

11                   “(B) *the institution has a percentage*  
12                    *change in its sticker price computed under para-*  
13                    *graph (1) that exceeds two times the rate of*  
14                    *change in the higher education price index (as*  
15                    *defined in section 401B(d)) over the same time*  
16                    *period, but the dollar amount of the sticker price*  
17                    *increase is less than \$500.*

18           “(4) *INFORMATION TO STATE AGENCIES.*—*Any*  
19            *institution that reports under paragraph (1)(B) that*  
20            *an agency or instrumentality of State government or*  
21            *other entity participates in the determinations of tui-*  
22            *tion and fee increases shall, prior to submitting any*  
23            *information to the Secretary under this subsection,*  
24            *submit such information to, and request the comments*  
25            *and input of, such agency, instrumentality, or entity.*

1        *With respect to any such institution, the Secretary*  
2        *shall provide a copy of any communication by the*  
3        *Secretary with that institution to such agency, in-*  
4        *strumentality, or entity.*

5                *“(5) CLASSES OF INSTITUTIONS.—For purposes*  
6        *of this subsection, the classes of institutions shall be*  
7        *those sectors used by the Integrated Postsecondary*  
8        *Education Data System, based on whether the insti-*  
9        *tution is public, nonprofit private, or for-profit pri-*  
10       *ivate, and whether the institution has a 4-year, 2-year,*  
11       *or less than 2-year program of instruction.*

12               *“(6) DATA REJECTION.—Nothing in this sub-*  
13       *section shall be construed as allowing the Secretary to*  
14       *reject the data submitted by an individual institution*  
15       *of higher education.*

16               *“(e) INFORMATION TO THE PUBLIC.—The Secretary*  
17       *shall work with public and private entities to promote*  
18       *broad public awareness, particularly among middle and*  
19       *high school students and their families, of the information*  
20       *made available under this section, including by distribution*  
21       *to students who participate in or receive benefits from*  
22       *means-tested federally funded education programs and*  
23       *other Federal programs determined by the Secretary.*

24               *“(f) FINES.—In addition to actions authorized in sec-*  
25       *tion 487(c), the Secretary may impose a fine in an amount*

1 *not to exceed \$25,000 on an institution of higher education*  
2 *for failing to provide the information required by this sec-*  
3 *tion in a timely and accurate manner, or for failing to*  
4 *otherwise cooperate with the National Center for Education*  
5 *Statistics regarding efforts to obtain data under subsection*  
6 *(c) and pursuant to the program participation agreement*  
7 *entered into under section 487.*

8       “(g) *REGULATIONS.*—*The Secretary is authorized to*  
9 *issue such regulations as may be necessary to carry out the*  
10 *provisions of this section.*

11       “(h) *DEFINITIONS.*—*For the purposes of this section:*

12               “(1) *NET TUITION PRICE.*—*The term ‘net tuition*  
13 *price’ means the sticker price, minus the average*  
14 *grants provided to such students, for any academic*  
15 *year.*

16               “(2) *STICKER PRICE.*—*The term ‘sticker price’*  
17 *means the average tuition and fees charged to a first-*  
18 *time, full-time, full-year undergraduate student by an*  
19 *institution of higher education for any academic*  
20 *year.”.*

21 **SEC. 203. INCENTIVES AND REWARDS FOR LOW TUITION.**

22       *Subpart 1 of part A of title IV is amended by inserting*  
23 *after section 401A (20 U.S.C. 1070a–1) the following new*  
24 *section:*

1 **“SEC. 401B. INCENTIVES AND REWARDS FOR LOW TUITION.**

2       “(a) *REWARDS FOR LOW TUITION.*—*For an institu-*  
3 *tion of higher education that, for academic year 2008–2009*  
4 *or any succeeding academic year, has an annual net tuition*  
5 *price increase (expressed as a percentage) for the most re-*  
6 *cent academic year for which satisfactory data is available*  
7 *that is equal to or less than the percentage change in the*  
8 *higher education price index for such academic year, the*  
9 *Secretary shall provide such institution an amount suffi-*  
10 *cient to provide a 25 percent increase under subpart 1 of*  
11 *part A of title IV to each Pell Grant recipient attending*  
12 *such institution for the next award year beginning after*  
13 *the date of such determination. Each such institution shall*  
14 *distribute any amounts received under this subsection*  
15 *among such Pell Grant recipients by increasing the amount*  
16 *of their Pell Grant awards by 25 percent.*

17       “(b) *REWARDS FOR GUARANTEED TUITION.*—

18               “(1) *BONUS.*—*For each institution of higher*  
19 *education that the Secretary of Education determines*  
20 *complies with the requirements of paragraph (2) or*  
21 *(3) of this subsection, the Secretary shall provide to*  
22 *such institution a bonus amount equal to 25 percent*  
23 *of the aggregate amount of aid received by students*  
24 *at the institution under section 401(a). Such institu-*  
25 *tion shall award the bonus amount to the Pell Grant*  
26 *recipients who were in attendance at the institution*

1        *during the award year that such institution satisfied*  
2        *the eligibility criteria for maintaining low tuition*  
3        *and fees. Each such student shall receive an amount*  
4        *that equals 25 percent of their total Pell Grant award*  
5        *for such award year, except that no student shall*  
6        *receive an amount under this section that would*  
7        *cause the amount of total financial aid received by*  
8        *such student to exceed the cost of attendance of the in-*  
9        *stitution. If there are additional funds remaining*  
10       *after all eligible students have been paid from the*  
11       *bonus amount, the institution shall award all excess*  
12       *funds first to remaining Pell Grant recipients who*  
13       *were not in attendance at the institution during such*  
14       *award year, and then to other eligible students under*  
15       *this title in attendance at such institution in the form*  
16       *of need-based aid.*

17            *“(2) 4-YEAR INSTITUTIONS.—An institution of*  
18        *higher education that provides a program of instruc-*  
19        *tion for which it awards a bachelor’s degree complies*  
20        *with the requirements of this paragraph if such insti-*  
21        *tution guarantees that for any academic year begin-*  
22        *ning on or after July 1, 2008, and for each of the 4*  
23        *succeeding continuous academic years, the net tuition*  
24        *price charged to an undergraduate student will not*  
25        *exceed—*

1           “(A) the amount that the student was  
2 charged for an academic year at the time he or  
3 she first enrolled in the institution of higher edu-  
4 cation, plus

5           “(B) the product of the percentage increase  
6 in the higher education price index for the prior  
7 academic year, or the most recent prior aca-  
8 demic year for which data is available, multi-  
9 plied by the amount determined under subpara-  
10 graph (A).

11           “(3) *LESS-THAN 4-YEAR INSTITUTIONS.*—An in-  
12 stitution of higher education that does not provide a  
13 program of instruction for which it awards a bach-  
14 elor’s degree complies with the requirements of this  
15 paragraph if such institution guarantees that for any  
16 academic year (or the equivalent) beginning on or  
17 after July 1, 2008, and for each of the 1.5 succeeding  
18 continuous academic years, the net tuition price  
19 charged to an undergraduate student will not ex-  
20 ceed—

21           “(A) the amount that the student was  
22 charged for an academic year at the time he or  
23 she first enrolled in the institution of higher edu-  
24 cation, plus

1           “(B) the product of the percentage increase  
2           in the higher education price index for the prior  
3           academic year, or the most recent prior aca-  
4           demic year for which data is available, multi-  
5           plied by the amount determined under subpara-  
6           graph (A).

7           “(c) *MAINTAINING AFFORDABLE TUITION.*—For any  
8           institution of higher education whose increase in the annual  
9           net tuition price (expressed as a percentage), for the most  
10          recent academic year for which satisfactory data is avail-  
11          able, is greater than the percentage increase in the higher  
12          education price index for such academic year, the Secretary  
13          shall require such institution to submit to the Secretary the  
14          following information, within 6 months of such determina-  
15          tion:

16               “(1) a detailed report on the exact causes for the  
17               net tuition price increase that outlines revenues and  
18               expenditures; and

19               “(2) cost containment strategies to lower net tui-  
20               tion prices.

21           “(d) *PRIORITY.*—In awarding incentives and rewards  
22          under this section, the Secretary shall give priority to insti-  
23          tutions of higher education with the lowest annual net tui-  
24          tion price increase (expressed as a percentage) for the most  
25          recent academic year for which satisfactory data is avail-

1 able, when compared with other institutions of higher edu-  
2 cation with annual net tuition price increases that are  
3 equal to or less than the percentage change in the higher  
4 education price index for such academic year.

5 “(e) *DEFINITIONS.*—

6 “(1) *NET TUITION PRICE.*—The term ‘net tuition  
7 price’ has the same meaning as provided in section  
8 131(k).

9 “(2) *HIGHER EDUCATION PRICE INDEX.*—The  
10 term ‘higher education price index’ means a statis-  
11 tical measure of change over time in the prices of a  
12 fixed market basket of goods and services purchased  
13 by colleges and universities through current fund edu-  
14 cational and general expenditures (excluding expendi-  
15 tures for research), as developed by the Bureau of  
16 Labor Statistics.

17 “(f) *FUNDING.*—There shall be available to the Sec-  
18 retary to carry out this section, from funds not otherwise  
19 appropriated, \$15,000,000 for each of the fiscal years 2008  
20 through 2012.

21 “(g) *SUNSET.*—The authority to carry out this section  
22 shall expire at the end of fiscal year 2012.”.

1 **SEC. 204. COOPERATIVE EDUCATION REWARDS FOR INSTI-**  
2 **TUTIONS THAT RESTRAIN TUITION IN-**  
3 **CREASES.**

4 *The Higher Education Act of 1965 (20 U.S.C. 1001*  
5 *et seq.) is amended by adding at the end the following title:*

6 **“TITLE VIII—COOPERATIVE EDU-**  
7 **CATION REWARDS FOR INSTI-**  
8 **TUTIONS THAT RESTRAIN**  
9 **TUITION INCREASES**

10 **“SEC. 801. DEFINITION OF COOPERATIVE EDUCATION.**

11 *“For the purpose of this title the term ‘cooperative edu-*  
12 *cation’ means the provision of alternating or parallel peri-*  
13 *ods of academic study and public or private employment*  
14 *in order to give students work experiences related to their*  
15 *academic or occupational objectives and an opportunity to*  
16 *earn the funds necessary for continuing and completing*  
17 *their education.*

18 **“SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RES-**  
19 **ERVATIONS.**

20 *“(a) APPROPRIATIONS.—There shall be available to the*  
21 *Secretary to carry out this title from funds not otherwise*  
22 *appropriated \$15,000,000 for each of the fiscal years 2008*  
23 *through 2012.*

24 *“(b) RESERVATIONS.—Of the amount appropriated for*  
25 *each such fiscal year—*

1           “(1) not less than 50 percent shall be available  
2           for carrying out grants to institutions of higher edu-  
3           cation and combinations of such institutions de-  
4           scribed in section 803(a)(1)(A) for cooperative edu-  
5           cation under section 803;

6           “(2) not less than 25 percent shall be available  
7           for carrying out grants to institutions of higher edu-  
8           cation described in section 803(a)(1)(B) for coopera-  
9           tive education under section 803;

10           “(3) not more than 11 percent shall be available  
11           for demonstration projects under paragraph (1) of  
12           section 804(a);

13           “(4) not more than 11 percent shall be available  
14           for training and resource centers under paragraph (2)  
15           of section 804(a); and

16           “(5) not more than 3 percent shall be available  
17           for research under paragraph (3) of section 804(a).

18           “(c) *AVAILABILITY OF APPROPRIATIONS.*—Appropria-  
19           tions under this title shall not be available for the payment  
20           of compensation of students for employment by employers  
21           under arrangements pursuant to this title.

22           “(d) *SUNSET.*—The authority to carry out this title  
23           shall expire at the end of fiscal year 2012.

24           **“SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.**

25           “(a) *GRANTS AUTHORIZED.*—

1           “(1) *IN GENERAL.*—*The Secretary is author-*  
2           *ized—*

3                   “(A) *from the amount available under sec-*  
4                   *tion 802(b)(1) in each fiscal year and in accord-*  
5                   *ance with the provisions of this title, to make*  
6                   *grants to institutions of higher education or*  
7                   *combinations of such institutions that have not*  
8                   *previously received a grant under this paragraph*  
9                   *to pay the Federal share of the cost of planning,*  
10                   *establishing, expanding, or carrying out pro-*  
11                   *grams of cooperative education by such institu-*  
12                   *tions or combinations of institutions; and*

13                   “(B) *from the amount available under sec-*  
14                   *tion 802(b)(2) in each fiscal year and in accord-*  
15                   *ance with the provisions of this title, to make*  
16                   *grants to institutions of higher education that*  
17                   *are operating an existing cooperative education*  
18                   *program (as determined by the Secretary) to pay*  
19                   *the cost of planning, establishing, expanding, or*  
20                   *carrying out programs of cooperative education*  
21                   *by such institutions.*

22           “(2) *PROGRAM REQUIREMENT.*—*Cooperative*  
23           *education programs assisted under this section shall*  
24           *provide alternating or parallel periods of academic*  
25           *study and of public or private employment, giving*

1 *students work experience related to their academic or*  
2 *occupational objectives and the opportunity to earn*  
3 *the funds necessary for continuing and completing*  
4 *their education.*

5 *“(3) AMOUNT OF GRANTS.—*

6 *“(A) The amount of each grant awarded*  
7 *pursuant to paragraph (1)(A) to any institution*  
8 *of higher education or combination of such insti-*  
9 *tutions in any fiscal year shall not exceed*  
10 *\$500,000.*

11 *“(B)(i) Except as provided in clauses (ii)*  
12 *and (iii), the Secretary shall award grants in*  
13 *each fiscal year to each institution of higher edu-*  
14 *cation described in paragraph (1)(B) that has*  
15 *an application approved under subsection (b) in*  
16 *an amount which bears the same ratio to the*  
17 *amount reserved pursuant to section 802(b)(2)*  
18 *for such fiscal year as the number of*  
19 *unduplicated students placed in cooperative edu-*  
20 *cation jobs during the preceding fiscal year*  
21 *(other than cooperative education jobs under sec-*  
22 *tion 804 and as determined by the Secretary) by*  
23 *such institution of higher education bears to the*  
24 *total number of all such students placed in such*

1           *jobs during the preceding fiscal year by all such*  
2           *institutions.*

3           “(ii) *No institution of higher education*  
4           *shall receive a grant pursuant to paragraph*  
5           *(1)(B) in any fiscal year in an amount which*  
6           *exceeds 25 percent of such institution’s coopera-*  
7           *tive education program’s personnel and oper-*  
8           *ating budget for the preceding fiscal year.*

9           “(iii) *The minimum annual grant amount*  
10          *which an institution of higher education is eligi-*  
11          *ble to receive under paragraph (1)(B) is \$1,000*  
12          *and the maximum annual grant amount is*  
13          *\$75,000.*

14          “(4) *LIMITATION.—The Secretary shall not*  
15          *award grants pursuant to paragraphs (1)(A) and*  
16          *(1)(B) to the same institution of higher education or*  
17          *combination of such institution in any one fiscal*  
18          *year.*

19          “(5) *USES.—Grants under paragraph (1)(B)*  
20          *shall be used exclusively—*

21                  “(A) *to expand the quality and participa-*  
22                  *tion of a cooperative education program;*

23                  “(B) *for outreach in new curricular areas;*  
24                  *and*

1           “(C) for outreach to potential participants  
2           including underrepresented and nontraditional  
3           populations.

4           “(b) *APPLICATIONS.*—Each institution of higher edu-  
5           cation or combination of such institutions desiring to re-  
6           ceive a grant under this section shall submit an application  
7           to the Secretary at such time and in such manner as the  
8           Secretary shall prescribe. Each such application shall—

9           “(1) set forth the program or activities for which  
10          a grant is authorized under this section;

11          “(2) specify each portion of such program or ac-  
12          tivities which will be performed by a nonprofit orga-  
13          nization or institution other than the applicant, and  
14          the compensation to be paid for such performance;

15          “(3) provide that the applicant will expend dur-  
16          ing such fiscal year for the purpose of such program  
17          or activities not less than the amount expended for  
18          such purpose during the previous fiscal year;

19          “(4) describe the plans which the applicant will  
20          carry out to assure, and contain a formal statement  
21          of the institution’s commitment which assures, that  
22          the applicant will continue the cooperative education  
23          program beyond the 5-year period of Federal assist-  
24          ance described in subsection (c)(1) at a level which is  
25          not less than the total amount expended for such pro-

1        *gram during the first year such program was assisted*  
2        *under this section;*

3            *“(5) provide that, in the case of an institution*  
4        *of higher education that provides a 2-year program*  
5        *which is acceptable for full credit toward a bachelor’s*  
6        *degree, the cooperative education program will be*  
7        *available to students who are certificate or associate*  
8        *degree candidates and who carry at least one-half the*  
9        *normal full-time academic workload;*

10           *“(6) provide that the applicant will—*

11                *“(A) for each fiscal year for which the ap-*  
12                *plicant receives a grant, make such reports with*  
13                *respect to the impact of the cooperative education*  
14                *program in the previous fiscal year as may be*  
15                *essential to ensure that the applicant is com-*  
16                *plying with the provisions of this section, includ-*  
17                *ing—*

18                        *“(i) the number of unduplicated stu-*  
19                        *dent applicants in the cooperative education*  
20                        *program;*

21                        *“(ii) the number of unduplicated stu-*  
22                        *dents placed in cooperative education jobs;*

23                        *“(iii) the number of employers who*  
24                        *have hired cooperative education students;*

1                   “(iv) the average income for students  
2                   derived from working in cooperative edu-  
3                   cation jobs; and

4                   “(v) the increase or decrease in the  
5                   number of unduplicated students placed in  
6                   cooperative education jobs in each fiscal  
7                   year compared to the previous fiscal year;  
8                   and

9                   “(B) keep such records as are essential to  
10                  ensure that the applicant is complying with the  
11                  provisions of this title, including the notation of  
12                  cooperative education employment on the stu-  
13                  dent’s transcript;

14                  “(7) describe the extent to which programs in the  
15                  academic discipline for which the application is made  
16                  have had a favorable reception by public and private  
17                  sector employers;

18                  “(8) describe the extent to which the institution  
19                  is committed to extending cooperative education on  
20                  an institution-wide basis for all students who can  
21                  benefit;

22                  “(9) describe the plans that the applicant will  
23                  carry out to evaluate the applicant’s cooperative edu-  
24                  cation program at the end of the grant period;

1           “(10) provide for such fiscal control and fund ac-  
2           counting procedures as may be necessary to assure  
3           proper disbursement of, and accounting for, Federal  
4           funds paid to the applicant under this title;

5           “(11) demonstrate a commitment to serving all  
6           underserved populations; and

7           “(12) include such other information as is essen-  
8           tial to carry out the provisions of this title.

9           “(c) *DURATION OF GRANTS; FEDERAL SHARE.*—

10           “(1) *DURATION OF GRANTS.*—No individual in-  
11           stitution of higher education may receive, individ-  
12           ually or as a participant in a combination of such  
13           institutions—

14           “(A) a grant pursuant to subsection  
15           (a)(1)(A) for more than 5 fiscal years; or

16           “(B) a grant pursuant to subsection  
17           (a)(1)(B) for more than 5 fiscal years.

18           “(2) *FEDERAL SHARE.*—The Federal share of a  
19           grant under section 803(a)(1)(A) may not exceed—

20           “(A) 85 percent of the cost of carrying out  
21           the program or activities described in the appli-  
22           cation in the first year the applicant receives a  
23           grant under this section;

24           “(B) 70 percent of such cost in the second  
25           such year;

1           “(C) 55 percent of such cost in the third  
2           such year;

3           “(D) 40 percent of such cost in the fourth  
4           such year; and

5           “(E) 25 percent of such cost in the fifth  
6           such year.

7           “(3) *SPECIAL RULE.*—Any provision of law to  
8           the contrary notwithstanding, the Secretary shall not  
9           waive the provisions of this subsection.

10          “(d) *MAINTENANCE OF EFFORT.*—If the Secretary de-  
11          termines that a recipient of funds under this section has  
12          failed to maintain the fiscal effort described in subsection  
13          (b)(3), then the Secretary may elect not to make grant pay-  
14          ments under this section to such recipient.

15          “**SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS;**  
16                            **TRAINING AND RESOURCE CENTERS; AND RE-**  
17                            **SEARCH.**

18          “(a) *AUTHORIZATION.*—The Secretary is authorized,  
19          in accordance with the provisions of this section, to make  
20          grants and enter into contracts—

21                 “(1) from the amounts available in each fiscal  
22                 year under section 802(b)(3), for the conduct of dem-  
23                 onstration projects designed to demonstrate or deter-  
24                 mine the feasibility or value of innovative methods of  
25                 cooperative education;

1           “(2) from the amounts available in each fiscal  
2           year under section 802(b)(4), for the conduct of train-  
3           ing and resource centers designed to—

4                   “(A) train personnel in the field of coopera-  
5                   tive education;

6                   “(B) improve materials used in cooperative  
7                   education programs if such improvement is con-  
8                   ducted in conjunction with other activities de-  
9                   scribed in this paragraph;

10                   “(C) furnish technical assistance to institu-  
11                   tions of higher education to increase the poten-  
12                   tial of the institution to continue to conduct a  
13                   cooperative education program without Federal  
14                   assistance;

15                   “(D) encourage model cooperative education  
16                   programs which furnish education and training  
17                   in occupations in which there is a national need;

18                   “(E) support partnerships under which an  
19                   institution carrying out a comprehensive coopera-  
20                   tive education program joins with one or more  
21                   institutions of higher education in order to—

22                           “(i) assist the institutions other than  
23                           the comprehensive cooperative education in-  
24                           stitution to develop and expand an existing  
25                           program of cooperative education; or

1                   “(ii) establish and improve or expand  
2                   comprehensive cooperative education pro-  
3                   grams; and

4                   “(F) encourage model cooperative education  
5                   programs in the fields of science and mathe-  
6                   matics for women and minorities who are under-  
7                   represented in such fields; and

8                   “(3) from the amounts available in each fiscal  
9                   year under section 802(b)(5), for the conduct of re-  
10                  search relating to cooperative education.

11                 “(b) ADMINISTRATIVE PROVISION.—

12                   “(1) IN GENERAL.—To carry out this section, the  
13                  Secretary may—

14                   “(A) make grants to or contracts with insti-  
15                   tutions of higher education, or combinations of  
16                   such institutions; and

17                   “(B) make grants to or contracts with other  
18                   public or private nonprofit agencies or organiza-  
19                   tions, whenever such grants or contracts will  
20                   make an especially significant contribution to  
21                   attaining the objectives of this section.

22                   “(2) LIMITATION.—

23                   “(A) The Secretary may not use more than  
24                   3 percent of the amount appropriated to carry  
25                   out this section in each fiscal year to make

1           *grants or enter into contracts described in para-*  
 2           *graph (1)(A).*

3                   “(B) *The Secretary may use not more than*  
 4           *3 percent of the amount appropriated to carry*  
 5           *out this section in each fiscal year to make*  
 6           *grants or enter into contracts described in para-*  
 7           *graph (1)(B).*

8           “(c) *SUPPLEMENT NOT SUPPLANT.—A recipient of a*  
 9           *grant or contract under this section may use the funds pro-*  
 10          *vided only to supplement and, to the extent possible, in-*  
 11          *crease the level of funds that would, in the absence of such*  
 12          *funds, be made available from non-Federal sources to carry*  
 13          *out the activities supported by such grant or contract, and*  
 14          *in no case to supplant such funds from non-Federal*  
 15          *sources.”.*

16       ***TITLE III—ENSURING A HIGHLY***  
 17       ***QUALIFIED TEACHER IN***  
 18       ***EVERY CLASSROOM***

19                   ***PART A—TEACH GRANTS***

20       ***SEC. 301. TEACH GRANTS.***

21           *Part A of title IV (20 U.S.C. 1070a et seq.) is amended*  
 22       *by adding at the end the following new subpart:*

23                   ***“Subpart 9—TEACH Grants***

24       ***“SEC. 420L. PROGRAM ESTABLISHED.***

25           “(a) *PROGRAM AUTHORITY.—*

1           “(1) *PAYMENTS REQUIRED.*—*The Secretary shall*  
2           *pay to each eligible institution such sums as may be*  
3           *necessary to pay to each eligible student (defined in*  
4           *accordance with section 484) who files an application*  
5           *and agreement in accordance with section 420M, and*  
6           *who qualifies—*

7                   “(A) *under paragraph (2) of section*  
8                   *420M(a), a TEACH Grant in the amount of*  
9                   *\$4,000 for each academic year during which that*  
10                  *student is in attendance at the institution; and*

11                  “(B) *under paragraphs (2) and (3) of sec-*  
12                  *tion 420M(a), a Bonus TEACH Grant in the*  
13                  *amount of \$500 (in addition to the amount of*  
14                  *the TEACH Grant under subparagraph (A)) for*  
15                  *each academic year during which that student so*  
16                  *qualifies.*

17           “(2) *REFERENCE.*—*Grants made under—*

18                   “(A) *paragraph (1)(A) shall be known as*  
19                   *‘Teacher Education Assistance for College and*  
20                   *Higher Education Grants’ or ‘TEACH Grants’;*  
21                   *and*

22                   “(B) *paragraph (1)(B) shall be known as*  
23                   *Bonus TEACH Grants.*

24           “(b) *PAYMENT METHODOLOGY.*—

1           “(1) *PREPAYMENT.*—Not less than 85 percent of  
2           *any funds provided to an institution under subsection*  
3           *(a) shall be advanced to eligible institutions prior to*  
4           *the start of each payment period and shall be based*  
5           *upon an amount requested by the institution as need-*  
6           *ed to pay eligible students until such time as the Sec-*  
7           *retary determines and publishes in the Federal Reg-*  
8           *ister with an opportunity for comment, an alternative*  
9           *payment system that provides payments to institu-*  
10          *tions in an accurate and timely manner, except that*  
11          *this sentence shall not be construed to limit the au-*  
12          *thority of the Secretary to place an institution on a*  
13          *reimbursement system of payment.*

14          “(2) *DIRECT PAYMENT.*—Nothing in this section  
15          *shall be interpreted to prohibit the Secretary from*  
16          *paying directly to students, in advance of the begin-*  
17          *ning of the academic term, an amount for which they*  
18          *are eligible, in cases where the eligible institution*  
19          *elects not to participate in the disbursement system*  
20          *required by paragraph (1).*

21          “(3) *DISTRIBUTION OF GRANTS TO STUDENTS.*—  
22          *Payments under this subpart shall be made, in ac-*  
23          *cordance with regulations promulgated by the Sec-*  
24          *retary for such purpose, in such manner as will best*  
25          *accomplish the purposes of this subpart. Any dis-*

1        *bursement allowed to be made by crediting the stu-*  
2        *dent's account shall be limited to tuition and fees*  
3        *and, in the case of institutionally-owned housing,*  
4        *room and board. The student may elect to have the*  
5        *institution provide other such goods and services by*  
6        *crediting the student's account.*

7        *“(c) REDUCTIONS IN AMOUNT.—*

8                *“(1) PART-TIME STUDENTS.—In any case where*  
9        *a student attends an institution of higher education*  
10        *on less than a full-time basis (including a student*  
11        *who attends an institution of higher education on less*  
12        *than a half-time basis) during any academic year,*  
13        *the amount of a grant under this subpart for which*  
14        *that student is eligible shall be reduced in proportion*  
15        *to the degree to which that student is not attending*  
16        *on a full-time basis, in accordance with a schedule of*  
17        *reductions established by the Secretary for the pur-*  
18        *poses of this subpart, computed in accordance with*  
19        *this subpart. Such schedule of reductions shall be es-*  
20        *tablished by regulation and published in the Federal*  
21        *Register in accordance with section 482 of this Act.*

22                *“(2) NO EXCEEDING COST.—The amount of a*  
23        *grant awarded under this subpart, in combination*  
24        *with Federal assistance and other student assistance,*  
25        *shall not exceed the cost of attendance (as defined in*

1        *section 472) at the institution at which that student*  
2        *is in attendance. If, with respect to any student, it*  
3        *is determined that the amount of a TEACH Grant or*  
4        *a Bonus TEACH Grant exceeds the cost of attendance*  
5        *for that year, the amount of the TEACH Grant or*  
6        *Bonus TEACH Grant, respectively, shall be reduced*  
7        *until such grant does not exceed the cost of attendance*  
8        *at such institution.*

9        *“(d) PERIOD OF ELIGIBILITY FOR GRANTS.—*

10            *“(1) UNDERGRADUATE STUDENTS.—The period*  
11            *during which an undergraduate student may receive*  
12            *grants under this subpart shall be the period required*  
13            *for the completion of the first undergraduate baccala-*  
14            *laureate course of study being pursued by that student*  
15            *at the institution at which the student is in attend-*  
16            *ance except that—*

17                    *“(A) any period during which the student is*  
18                    *enrolled in a noncredit or remedial course of*  
19                    *study as defined in paragraph (3) shall not be*  
20                    *counted for the purpose of this paragraph; and*

21                    *“(B) the total amount that a student may*  
22                    *receive under this subpart for undergraduate*  
23                    *study shall not exceed \$16,000 with respect to a*  
24                    *student who receives only TEACH Grants, and*

1           \$18,000 with respect to a student who receives  
2           *TEACH Grants and Bonus TEACH Grants.*

3           “(2) *GRADUATE STUDENTS.*—*The period during*  
4           *which a graduate student may receive grants under*  
5           *this subpart shall be the period required for the com-*  
6           *pletion of a master’s degree course of study being pur-*  
7           *sued by that student at the institution at which the*  
8           *student is in attendance, except that the total amount*  
9           *that a student may receive under this subpart for*  
10          *graduate study shall not exceed \$8,000 with respect to*  
11          *a student who receives only TEACH Grants, and*  
12          *\$10,000 with respect to a student who receives*  
13          *TEACH Grants and Bonus TEACH Grants.*

14          “(3) *REMEDIAL COURSE; STUDY ABROAD.*—*Noth-*  
15          *ing in this section shall exclude from eligibility*  
16          *courses of study which are noncredit or remedial in*  
17          *nature (including courses in English language acqui-*  
18          *sition) which are determined by the institution to be*  
19          *necessary to help the student be prepared for the pur-*  
20          *suit of a first undergraduate baccalaureate degree or*  
21          *certificate or, in the case of courses in English lan-*  
22          *guage instruction, to be necessary to enable the stu-*  
23          *dent to utilize already existing knowledge, training,*  
24          *or skills. Nothing in this section shall exclude from*  
25          *eligibility programs of study abroad that are ap-*

1       *proved for credit by the home institution at which the*  
2       *student is enrolled.*

3       **“SEC. 420M. ELIGIBILITY; APPLICATIONS.**

4       “(a) *APPLICATIONS; DEMONSTRATION OF ELIGI-*  
5       *BILITY.—*

6               “(1) *FILING REQUIRED.—The Secretary shall*  
7       *from time to time set dates by which students shall*  
8       *file applications for grants under this subpart. Each*  
9       *student desiring a grant under this subpart for any*  
10       *year shall file an application containing such infor-*  
11       *mation and assurances as the Secretary may deem*  
12       *necessary to enable the Secretary to carry out the*  
13       *functions and responsibilities of this subpart.*

14               “(2) *DEMONSTRATION OF TEACH GRANT ELIGI-*  
15       *BILITY.—Each application submitted under para-*  
16       *graph (1) for a TEACH Grant shall contain such in-*  
17       *formation as is necessary to demonstrate that—*

18                       “(A) *if the applicant is an enrolled stu-*  
19       *dent—*

20                               “(i) *the student is an eligible student*  
21       *for purposes of section 484;*

22                               “(ii) *the student—*

23                                       “(I) *has a grade point average*  
24       *that is determined, under standards*  
25       *prescribed by the Secretary, to be com-*

1                    *parable to a 3.25 average on a zero to*  
2                    *4.0 scale, except that, if the student is*  
3                    *in the first year of a program of un-*  
4                    *dergraduate education, such grade*  
5                    *point average shall be determined on*  
6                    *the basis of the student's cumulative*  
7                    *high school grade point average; or*

8                    *“(II) displayed high academic ap-*  
9                    *titude by receiving a score above the*  
10                  *75th percentile on at least one of the*  
11                  *batteries in an undergraduate or grad-*  
12                  *uate school admissions test; and*

13                  *“(iii) the student is completing*  
14                  *coursework and other requirements nec-*  
15                  *essary to begin a career in teaching, or*  
16                  *plans to complete such coursework and re-*  
17                  *quirements prior to graduating; or*

18                  *“(B) if the applicant is a current or pro-*  
19                  *spective teacher applying for a grant to obtain*  
20                  *a graduate degree—*

21                  *“(i) the applicant is a teacher or a re-*  
22                  *tiree from another occupation with expertise*  
23                  *in a field in which there is a shortage of*  
24                  *teachers, such as math, science, special edu-*

1                    *cation, English language acquisition, or an-*  
2                    *other high-need subject; or*

3                    *“(ii) the applicant is or was a teacher*  
4                    *who is using high-quality alternative cer-*  
5                    *tification routes, such as Teach for America,*  
6                    *to get certified.*

7                    *“(3) DEMONSTRATION OF BONUS TEACH GRANT*  
8                    *ELIGIBILITY.—Each application submitted under*  
9                    *paragraph (1) for a Bonus TEACH Grant shall con-*  
10                   *tain such information as is necessary to demonstrate*  
11                   *that the applicant is—*

12                   *“(A) eligible for, and has applied for, a*  
13                   *TEACH Grant; and*

14                   *“(B) a student enrolled in a qualified teach-*  
15                   *er preparation program, as defined in section*  
16                   *420N.*

17                   *“(b) AGREEMENTS TO SERVE.—Each application*  
18                   *under subsection (a) shall contain or be accompanied by*  
19                   *an agreement by the applicant that—*

20                   *“(1) the applicant will—*

21                   *“(A) serve as a full-time teacher for a total*  
22                   *of not less than 4 academic years within 8 years*  
23                   *after completing the course of study for which the*  
24                   *applicant received a TEACH Grant under this*  
25                   *subpart;*

1           “(B) teach in a school described in section  
2           465(a)(2)(A);

3           “(C) with respect to an applicant for—

4                   “(i) TEACH Grants, teach in any of  
5                   the following fields: mathematics, science, a  
6                   foreign language, bilingual education, or  
7                   special education, or as a reading specialist,  
8                   or another field documented as high-need by  
9                   the Federal Government, State government,  
10                  or local education agency and approved by  
11                  the Secretary; or

12                   “(ii) TEACH Grants and Bonus  
13                   TEACH Grants, teach mathematics, science,  
14                   or a science-related field;

15           “(D) submit evidence of such employment  
16           in the form of a certification by the chief admin-  
17           istrative officer of the school upon completion of  
18           each year of such service; and

19           “(E) comply with the requirements for  
20           being a highly qualified teacher as defined in  
21           section 9101 of the Elementary and Secondary  
22           Education Act of 1965; and

23           “(2) in the event that the applicant is deter-  
24           mined to have failed or refused to carry out such serv-  
25           ice obligation, the sum of the amounts of any TEACH

1       *Grants and Bonus TEACH Grants received by such*  
2       *applicant will be treated as a loan and collected from*  
3       *the applicant in accordance with subsection (c) and*  
4       *the regulations thereunder.*

5       “(c) *REPAYMENT FOR FAILURE TO COMPLETE SERV-*  
6 *ICE.—In the event that any recipient of a grant under this*  
7 *subpart fails or refuses to comply with the service obligation*  
8 *in the agreement under subsection (b), the sum of the*  
9 *amounts of any TEACH Grants and Bonus TEACH*  
10 *Grants received by such recipient shall be treated as a Di-*  
11 *rect Loan under part D of title IV, and shall be subject*  
12 *to repayment, together with interest thereon accruing after*  
13 *the period of service, in accordance with terms and condi-*  
14 *tions specified by the Secretary in regulations under this*  
15 *subpart.*

16       **“SEC. 420N. DEFINITIONS.**

17       *“For the purposes of this subpart:*

18               “(1) *ELIGIBLE INSTITUTION.—The term ‘eligible*  
19 *institution’ means an institution of higher education*  
20 *as defined in section 102.*

21               “(2) *QUALIFIED TEACHER PREPARATION PRO-*  
22 *GRAM.—The term ‘qualified teacher preparation pro-*  
23 *gram’ means a program for students and teachers de-*  
24 *scribed in subparagraph (A) or (B) of section*

1       420M(a)(2) (referred to jointly in this paragraph as  
2       ‘teacher candidates’) that—

3               “(A) recruits and prepares teacher can-  
4               didates who major in science, technology fields,  
5               special education, foreign language, engineering,  
6               or mathematics disciplines to become certified as  
7               elementary and secondary teachers in those dis-  
8               ciplines, special education teachers, or teachers of  
9               English Language Learners, with the goals of  
10              improving teacher knowledge and effectiveness  
11              and increasing elementary and secondary stu-  
12              dent academic achievement;

13              “(B) is implemented by an institution of  
14              higher education in partnership with high-need  
15              local educational agencies;

16              “(C) offers a baccalaureate degree with a  
17              concurrent teacher certification to teacher can-  
18              didates;

19              “(D) is implemented in coordination with  
20              the faculty of the relevant departments of the in-  
21              stitution of higher education;

22              “(E) utilizes experienced teachers who have  
23              a demonstrated record of success in teaching un-  
24              derserved students to instruct teacher candidates  
25              in the disciplines described in subparagraph (A);

1           “(F) provides teacher candidates with—

2                   “(i) support services, including men-  
3                   toring by experienced teachers who have a  
4                   demonstrated record of success in teaching  
5                   underserved students;

6                   “(ii) exposure to, and field experience  
7                   in, the classroom within the first year of en-  
8                   tering the qualified teacher preparation  
9                   program; and

10                  “(iii) other related support practices  
11                  while the teacher candidates are partici-  
12                  pating in the program, and after such can-  
13                  didates graduate from the institution of  
14                  higher education and are employed as  
15                  teachers;

16                  “(G) participates in partnerships which in-  
17                  clude the institution of higher education and  
18                  local educational agencies and charter districts  
19                  to provide opportunities for teacher candidate  
20                  field work;

21                  “(H) focuses on increasing the number of  
22                  teachers in the disciplines described in subpara-  
23                  graph (A); and

1                   “(I) encourages individuals from underrep-  
 2                   resented populations to enter into the teaching  
 3                   profession.

4   **“SEC. 4200. PROGRAM PERIOD AND FUNDING.**

5                   “*There shall be available to the Secretary to carry out*  
 6 *this subpart, from funds not otherwise appropriated, such*  
 7 *sums as may be necessary to provide TEACH Grants and*  
 8 *Bonus TEACH Grants in accordance with this subpart to*  
 9 *each eligible applicant.”.*

10                   **PART B—CENTERS OF EXCELLENCE**

11   **SEC. 311. CENTERS OF EXCELLENCE.**

12                   *Title II (20 U.S.C. 1021 et seq.) is amended by adding*  
 13 *at the end the following:*

14                   **“PART C—CENTERS OF EXCELLENCE**

15   **“SEC. 231. DEFINITIONS.**

16                   “*As used in this part:*

17                   “(1) *ELIGIBLE INSTITUTION.—The term ‘eligible*  
 18 *institution’ means—*

19                   “(A) *an institution of higher education that*  
 20 *has a teacher preparation program that meets*  
 21 *the requirements of section 203(b)(2)and that*  
 22 *is—*

23                   “(i) *a part B institution (as defined in*  
 24 *section 322);*

1                   “(ii) a Hispanic-serving institution  
2                   (as defined in section 502);

3                   “(iii) a Tribal College or University  
4                   (as defined in section 316);

5                   “(iv) an Alaska Native-serving institu-  
6                   tion (as defined in section 317(b)); or

7                   “(v) a Native Hawaiian-serving insti-  
8                   tution (as defined in section 317(b));

9                   “(B) a consortium of institutions described  
10                  in subparagraph (A); or

11                  “(C) an institution described in subpara-  
12                  graph (A), or a consortium described in subpara-  
13                  graph (B), in partnership with any other insti-  
14                  tution of higher education, but only if the center  
15                  of excellence established under section 232 is lo-  
16                  cated at an institution described in subpara-  
17                  graph (A).

18                  “(2) *HIGHLY QUALIFIED.*—The term ‘highly  
19                  qualified’ when used with respect to an individual  
20                  means that the individual is highly qualified as deter-  
21                  mined under section 9101 of the Elementary and Sec-  
22                  ondary Education Act of 1965 (20 U.S.C. 7801) or  
23                  section 602 of the Individuals with Disabilities Edu-  
24                  cation Act (20 U.S.C. 1401).

1           “(3) *SCIENTIFICALLY BASED READING RE-*  
2           *SEARCH.—The term ‘scientifically based reading re-*  
3           *search’ has the meaning given such term in section*  
4           *1208 of the Elementary and Secondary Education*  
5           *Act of 1965 (20 U.S.C. 6368).*

6           “(4) *SCIENTIFICALLY BASED RESEARCH.—The*  
7           *term ‘scientifically based research’ has the meaning*  
8           *given such term in section 9101 of the Elementary*  
9           *and Secondary Education Act of 1965 (20 U.S.C.*  
10          *7801).*

11   **“SEC. 232. CENTERS OF EXCELLENCE.**

12          “(a) *PROGRAM AUTHORIZED.—From the amounts ap-*  
13          *propriated to carry out this part, the Secretary is author-*  
14          *ized to award competitive grants to eligible institutions to*  
15          *establish centers of excellence.*

16          “(b) *USE OF FUNDS.—Grants provided by the Sec-*  
17          *retary under this part shall be used to ensure that current*  
18          *and future teachers are highly qualified, by carrying out*  
19          *one or more of the following activities:*

20                 “(1) *Implementing reforms within teacher prepa-*  
21                 *ration programs to ensure that such programs are*  
22                 *preparing teachers who are highly qualified, are able*  
23                 *to understand scientifically based research, and are*  
24                 *able to use advanced technology effectively in the*

1 *classroom, including use for instructional techniques*  
2 *to improve student academic achievement, by—*

3 *“(A) retraining faculty; and*

4 *“(B) designing (or redesigning) teacher*  
5 *preparation programs that—*

6 *“(i) prepare teachers to close student*  
7 *achievement gaps, are based on rigorous*  
8 *academic content, scientifically based re-*  
9 *search (including scientifically based read-*  
10 *ing research), and challenging State student*  
11 *academic content standards; and*

12 *“(ii) promote strong teaching skills.*

13 *“(2) Providing sustained and high-quality*  
14 *preservice clinical experience, including the men-*  
15 *toring of prospective teachers by exemplary teachers,*  
16 *substantially increasing interaction between faculty*  
17 *at institutions of higher education and new and expe-*  
18 *rienced teachers, principals, and other administrators*  
19 *at elementary schools or secondary schools, and pro-*  
20 *viding support, including preparation time, for such*  
21 *interaction.*

22 *“(3) Developing and implementing initiatives to*  
23 *promote retention of highly qualified teachers and*  
24 *principals, including minority teachers and prin-*  
25 *cipals, including programs that provide—*

1           “(A) *teacher or principal mentoring from*  
2           *exemplary teachers or principals; or*

3           “(B) *induction and support for teachers*  
4           *and principals during their first 3 years of em-*  
5           *ployment as teachers or principals, respectively.*

6           “(4) *Awarding scholarships based on financial*  
7           *need to help students pay the costs of tuition, room,*  
8           *board, and other expenses of completing a teacher*  
9           *preparation program.*

10          “(5) *Disseminating information on effective*  
11          *practices for teacher preparation and successful teach-*  
12          *er certification and licensure assessment preparation*  
13          *strategies.*

14          “(6) *Activities authorized under sections 202,*  
15          *203, and 204.*

16          “(c) *APPLICATION.—Any eligible institution desiring*  
17          *a grant under this section shall submit an application to*  
18          *the Secretary at such a time, in such a manner, and accom-*  
19          *panied by such information as the Secretary may require.*

20          “(d) *MINIMUM GRANT AMOUNT.—The minimum*  
21          *amount of each grant under this part shall be \$500,000.*

22          “(e) *LIMITATION ON ADMINISTRATIVE EXPENSES.—An*  
23          *eligible institution that receives a grant under this part*  
24          *may not use more than 2 percent of the grant funds for*  
25          *purposes of administering the grant.*

1       “(f) *REGULATIONS.*—*The Secretary shall prescribe*  
2 *such regulations as may be necessary to carry out this part.*”

3       “**SEC. 233. APPROPRIATIONS.**”

4       “*There shall be available to the Secretary, from funds*  
5 *not otherwise appropriated, \$50,000,000 for the period be-*  
6 *ginning with fiscal year 2008 and ending with fiscal year*  
7 *2012, to carry out this part beginning with academic year*  
8 *2008–2009, which shall remain available until expended.*  
9 *The authority to carry out this part shall expire at the end*  
10 *of fiscal year 2012.*”

11       ***TITLE IV—LEVERAGING FUNDS***  
12       ***TO INCREASE COLLEGE ACCESS***

13       ***PART A—STRENGTHENING HISTORICALLY BLACK***  
14       ***COLLEGES AND UNIVERSITIES AND MINOR-***  
15       ***ITY-SERVING INSTITUTIONS***

16       ***SEC. 401. INVESTMENT IN HISTORICALLY BLACK COLLEGES***  
17                       ***AND UNIVERSITIES AND MINORITY-SERVING***  
18                       ***INSTITUTION.***

19       *Title IV is amended by adding at the end the following*  
20 *new part:*

1 **“PART I—STRENGTHENING HISTORICALLY**  
2 **BLACK COLLEGES AND UNIVERSITIES AND**  
3 **OTHER MINORITY-SERVING INSTITUTIONS**

4 **“SEC. 499A. INVESTMENT IN HISTORICALLY BLACK COL-**  
5 **LEGES AND UNIVERSITIES AND OTHER MI-**  
6 **NORITY-SERVING INSTITUTION.**

7 *“(a) ELIGIBLE INSTITUTION.—An institution of high-*  
8 *er education is eligible to receive funds from the amounts*  
9 *made available under this section if such institution is—*

10 *“(1) a part B institution (as defined in section*  
11 *322 (20 U.S.C. 1061));*

12 *“(2) a Hispanic-serving institution (as defined*  
13 *in section 502 (20 U.S.C. 1101a));*

14 *“(3) a Tribal College or University (as defined*  
15 *in section 316 (20 U.S.C. 1059c));*

16 *“(4) an Alaska Native-serving institution or a*  
17 *Native Hawaiian-serving institution (as defined in*  
18 *section 317(b) (20 U.S.C. 1059d(b));*

19 *“(5) a Predominantly Black Institution (as de-*  
20 *fined in subsection (c)); or*

21 *“(6) an Asian and Pacific Islander-serving insti-*  
22 *tution (as defined in subsection (c)).*

23 *“(b) NEW INVESTMENT OF FUNDS.—*

24 *“(1) IN GENERAL.—There shall be available to*  
25 *the Secretary to carry out this section, from funds not*  
26 *otherwise appropriated, \$100,000,000 for each of the*

1 *fiscal years 2008 through 2012. The authority to*  
2 *carry out this section shall expire at the end of fiscal*  
3 *year 2012.*

4 “(2) *ALLOCATION AND ALLOTMENT.—*

5 “(A) *IN GENERAL.—Of the amounts made*  
6 *available under paragraph (1) for any fiscal*  
7 *year—*

8 “(i) *40 percent shall be available for*  
9 *allocation under subparagraph (B);*

10 “(ii) *40 percent shall be available for*  
11 *allocation under subparagraph (C); and*

12 “(iii) *20 percent shall be available for*  
13 *allocation under subparagraph (D).*

14 “(B) *HSI STEM AND ARTICULATION PRO-*  
15 *GRAMS.—The amount made available for alloca-*  
16 *tion under this subparagraph by subparagraph*  
17 *(A)(i) for any fiscal year shall be available for*  
18 *Hispanic-serving Institutions for activities de-*  
19 *scribed in section 503, with a priority given to*  
20 *applications that propose—*

21 “(i) *to increase the number of His-*  
22 *panic and other low income students attain-*  
23 *ing degrees in the fields of science, tech-*  
24 *nology, engineering and mathematics; and*

1           “(ii) to develop model transfer and ar-  
2           ticipation agreements between 2-year His-  
3           panic-serving institutions and 4-year insti-  
4           tutions in such fields.

5           “(C) ALLOCATION AND ALLOTMENT HBCUS  
6           AND PBIS.—From the amount made available for  
7           allocation under this subparagraph by subpara-  
8           graph (A)(ii) for any fiscal year—

9           “(i) \$34,000,000 shall be available to  
10           eligible institutions described in subsection  
11           (a)(1) and shall be made available as grants  
12           under section 323 and allotted among such  
13           institutions under section 324, treating such  
14           amount, plus the amount appropriated for  
15           such fiscal year in a regular or supple-  
16           mental appropriation Act to carry out part  
17           B of title III, as the amount appropriated  
18           to carry out part B of title III for purposes  
19           of allotments under section 324, for use by  
20           such institutions with a priority for—

21           “(I) activities described in para-  
22           graphs (1), (2), (4), (5), and (10) of  
23           section 323(a); and

24           “(II) other activities, consistent  
25           with the institution’s comprehensive

1                    *plan and designed to increase the in-*  
2                    *stitution’s capacity to prepare students*  
3                    *for careers in the physical and natural*  
4                    *sciences, mathematics, computer*  
5                    *science and information technology*  
6                    *and sciences, engineering, language in-*  
7                    *struction in the less-commonly taught*  
8                    *languages and international affairs,*  
9                    *and nursing and allied health profes-*  
10                   *sions; and*

11                    *“(ii) \$6,000,000 shall be available to*  
12                    *eligible institutions described in subsection*  
13                    *(a)(5) and shall be available for a competi-*  
14                    *tive grant program to award 10 grants of*  
15                    *\$600,000 annually for programs in the fol-*  
16                    *lowing areas: science, technology, engineer-*  
17                    *ing, or mathematics (STEM); health edu-*  
18                    *cation; internationalization or*  
19                    *globalization; teacher preparation; or im-*  
20                    *proving educational outcomes of African*  
21                    *American males.*

22                    *“(D) ALLOCATION AND ALLOTMENT TO*  
23                    *OTHER MINORITY-SERVING INSTITUTIONS.—From*  
24                    *the amount made available for allocation under*  
25                    *this subparagraph by subparagraph (A)(iii) for*

1           *any fiscal year (in this subparagraph referred to*  
2           *as the ‘allocable amount’)—*

3                   “(i) 60 percent of the allocable amount  
4                   *for such fiscal year shall be available to eli-*  
5                   *gible institutions described in subsection*  
6                   *(a)(3) and shall be made available as grants*  
7                   *under section 316, treating such 60 percent*  
8                   *of the allocable amount as part of the*  
9                   *amount appropriated for such fiscal year in*  
10                   *a regular or supplemental appropriation*  
11                   *Act to carry out such section, and using*  
12                   *such 60 percent for purposes described in*  
13                   *subsection (c) of such section;*

14                   “(ii) 30 percent of the allocable  
15                   *amount for such fiscal year shall be avail-*  
16                   *able to eligible institutions described in sub-*  
17                   *section (a)(4) and shall be made available*  
18                   *as grants under section 317, treating such*  
19                   *30 percent of the allocable amount as part*  
20                   *of the amount appropriated for such fiscal*  
21                   *year in a regular or supplemental appro-*  
22                   *priation Act to carry out such section and*  
23                   *using such 60 percent for purposes described*  
24                   *in subsection (a) of such section; and*

1                   “(iii) 10 percent of the allocable  
2                   amount for such fiscal year shall be avail-  
3                   able to eligible institutions described in sub-  
4                   section (a)(6) for activities described in sec-  
5                   tion 311(c).

6                   “(c) DEFINITIONS.—

7                   “(1) PREDOMINANTLY BLACK INSTITUTION.—The  
8                   term ‘Predominantly Black institution’ means an in-  
9                   stitution of higher education that—

10                   “(A) has an enrollment of needy under-  
11                   graduate students as required and defined by  
12                   paragraph (2);

13                   “(B) has an average educational and gen-  
14                   eral expenditure which is low, per full-time  
15                   equivalent undergraduate student in comparison  
16                   with the average educational and general ex-  
17                   penditure per full-time equivalent undergraduate  
18                   student of institutions that offer similar instruc-  
19                   tion, except that the Secretary may apply the  
20                   waiver requirements described in section 392(b)  
21                   to this subparagraph in the same manner as the  
22                   Secretary applies the waiver requirements to sec-  
23                   tion 312(b)(1)(B);

24                   “(C) has an enrollment of undergraduate  
25                   students—

1           “(i) that is at least 40 percent Black  
2           American students;

3           “(ii) that is at least 1,000 under-  
4           graduate students;

5           “(iii) of which not less than 50 percent  
6           of the undergraduate students enrolled at  
7           the institution are low-income individuals  
8           or first-generation college students (as that  
9           term is defined in section 402A(g)); and

10          “(iv) of which not less than 50 percent  
11          of the undergraduate students are enrolled  
12          in an educational program leading to a  
13          bachelor’s or associate’s degree that the in-  
14          stitution is licensed to award by the State  
15          in which it is located;

16          “(D) is legally authorized to provide, and  
17          provides within the State, an educational pro-  
18          gram for which the institution of higher edu-  
19          cation awards a bachelors degree, or in the case  
20          of a junior or community college, an associate’s  
21          degree;

22          “(E) is accredited by a nationally recog-  
23          nized accrediting agency or association deter-  
24          mined by the Secretary to be a reliable authority  
25          as to the quality of training offered, or is, ac-

1           *ording to such an agency or association, mak-*  
2           *ing reasonable progress toward accreditation;*  
3           *and*

4           *“(F) is not receiving assistance under part*  
5           *B of title III.*

6           *“(2) ENROLLMENT OF NEEDY STUDENTS.—The*  
7           *term ‘enrollment of needy students’ means the enroll-*  
8           *ment at an eligible institution with respect to which*  
9           *not less than 50 percent of the undergraduate students*  
10          *enrolled in an academic program leading to a de-*  
11          *gree—*

12           *“(A) in the second fiscal year preceding the*  
13           *fiscal year for which the determination is made,*  
14           *were Federal Pell Grant recipients for such year;*

15           *“(B) come from families that receive bene-*  
16           *fits under a means-tested Federal benefits pro-*  
17           *gram (as defined in paragraph (4));*

18           *“(C) attended a public or nonprofit private*  
19           *secondary school—*

20           *“(i) that is in the school district of a*  
21           *local educational agency that was eligible*  
22           *for assistance under part A of title I of the*  
23           *Elementary and Secondary Education Act*  
24           *of 1965 for any year during which the stu-*  
25           *dent attended such secondary school; and*

1           “(i) which for the purpose of this  
2           paragraph and for that year was deter-  
3           mined by the Secretary (pursuant to regula-  
4           tions and after consultation with the State  
5           educational agency of the State in which the  
6           school is located) to be a school in which the  
7           enrollment of children counted under section  
8           1113(a)(5) of such Act exceeds 30 percent of  
9           the total enrollment of such school; or

10           “(D) are first-generation college students (as  
11           that term is defined in section 402A(g)), and a  
12           majority of such first-generation college students  
13           are low-income individuals.

14           “(3) *LOW-INCOME INDIVIDUAL*.—The term ‘low-  
15           income individual’ has the meaning given such term  
16           in section 402A(g).

17           “(4) *MEANS-TESTED FEDERAL BENEFIT PRO-*  
18           *GRAM*.—The term ‘means-tested Federal benefit pro-  
19           gram’ means a program of the Federal Government,  
20           other than a program under title IV, in which eligi-  
21           bility for the programs’ benefits, or the amount of  
22           such benefits, or both, are determined on the basis of  
23           income or resources of the individual or family seek-  
24           ing the benefit.

1           “(5) *ASIAN AMERICAN AND PACIFIC ISLANDER-*  
2           *SERVING INSTITUTION.*—*The term ‘Asian American*  
3           *and Pacific Islander-serving institution’ means an*  
4           *institution of higher education that—*

5                     “(A) *is an eligible institution under section*  
6                     *312(b); and*

7                     “(B) *at the time of application, has an en-*  
8                     *rollment of undergraduate students that is at*  
9                     *least 10 percent Asian American and Pacific Is-*  
10                    *lander students from subgroups with low levels of*  
11                    *college degree attainment.*

12           “(6) *ASIAN AMERICAN.*—*The term ‘Asian Amer-*  
13           *ican’ has the meaning given the term ‘Asian’ in the*  
14           *Office of Management and Budget’s Standards for*  
15           *Maintaining, Collecting, and Presenting Federal*  
16           *Data on Race and Ethnicity as published on October*  
17           *30, 1997 (62 Fed. Reg. 58789).*

18           “(7) *PACIFIC ISLANDER.*—*The term ‘Pacific Is-*  
19           *lander’ has the meaning given the term ‘Native Ha-*  
20           *waiian’ or ‘Other Pacific Islander’ in such Standards*  
21           *for Maintaining, Collecting, and Presenting Federal*  
22           *Data on Race and Ethnicity.*

23           “(8) *LOW LEVELS OF COLLEGE DEGREE ATTAIN-*  
24           *MENT.*—*The term ‘low levels of college degree attain-*  
25           *ment’ mean college degree attainment that is less than*

1       20 percent for adults ages 25 through 29 as reported  
2       by the National Center for Educational Statistics.

3       “(d) *TERMINATION OF AUTHORITY.*—The authority to  
4       carry out this section expires at the end of fiscal year  
5       2012.”.

6       **PART B—COLLEGE ACCESS CHALLENGE GRANTS**

7       **SEC. 411. COLLEGE ACCESS CHALLENGE GRANTS.**

8       (a) *CHALLENGE GRANT PROGRAM ESTABLISHED.*—

9               (1) *PROGRAM ESTABLISHED.*—The Secretary  
10       shall establish a program to award matching grants  
11       to increase the number of eligible students from un-  
12       derserved populations who enter and complete college  
13       by providing grants to philanthropic organizations  
14       who are members of eligible consortia to carry out the  
15       activities of the consortia to achieve this purpose, in-  
16       cluding—

17               (A) providing need-based grants to eligible  
18       students;

19               (B) providing support to eligible students  
20       through school- or institution-based mentoring  
21       programs; and

22               (C) conducting outreach programs to en-  
23       courage eligible students to pursue higher edu-  
24       cation.

1           (2) *GRANT PERIOD; RENEWABILITY.*—Grants  
2           under this section shall be awarded for one 5-year pe-  
3           riod, and may not be renewed.

4           (3) *GRANT AMOUNTS.*—

5           (A) *IN GENERAL.*—A grant awarded under  
6           this part for a given fiscal year to a philan-  
7           thropic organization shall be in an amount equal  
8           to the lesser of—

9           (i) 200 percent of the amount of chari-  
10           table gifts received in the preceding fiscal  
11           year by the eligible consortia, including  
12           charitable gifts received by the individual  
13           members of the consortia with which the  
14           philanthropic organization is associated; or

15           (ii) the maximum grant amount estab-  
16           lished by the Secretary by regulation, pur-  
17           suant to subsection (f).

18           (B) *GIFTS PROVIDED IN CASH OR IN-*  
19           *KIND.*—For the purposes of subparagraph (A),  
20           the charitable gifts received by an eligible con-  
21           sortia and its members may be provided in cash  
22           or in-kind, including physical non-cash con-  
23           tributions of monetary value such as property,  
24           facilities, and equipment, but excluding services.

25           (b) *USES OF GRANT.*—

1           (1) *IN GENERAL.*—A philanthropic organization  
2           receiving a grant under this section shall—

3                   (A) provide grants to eligible students; and

4                   (B) distribute grants to members of the con-  
5           sortia with which the philanthropic organization  
6           is affiliated, in accordance with the plan de-  
7           scribed in subsection (c)(2)(A), to fund the ac-  
8           tivities of such consortia in accordance with the  
9           application under subsection (c).

10          (2) *LIMITATION.*—Not more than 15 percent of  
11          the funds made available annually through a grant  
12          under this section may be used for administrative  
13          purposes.

14          (c) *APPLICATIONS.*—A philanthropic organization de-  
15          siring a grant under this section shall submit an applica-  
16          tion to the Secretary at such time, in such manner, and  
17          containing such information as the Secretary may require.  
18          Such application shall include the following:

19                   (1) A description of an eligible consortia that  
20                  meets the requirements of subsection (d), with which  
21                  the philanthropic organization is affiliated, in ac-  
22                  cordance with subsection (g).

23                   (2) A detailed description of—

1           (A) the philanthropic organization's plans  
2           for distributing the matching grant funds among  
3           the members of the eligible consortia; and

4           (B) the eligible consortia's plans for using  
5           the matching grant funds, including how the  
6           funds will be used to provide financial aid, men-  
7           toring, and outreach programs to eligible stu-  
8           dents.

9           (3) A plan to ensure the viability of the eligible  
10          consortia and the work of the consortia beyond the  
11          grant period.

12          (4) A detailed description of the activities that  
13          carry out this section that are conducted by the eligi-  
14          ble consortia at the time of the application, and how  
15          the matching grant funds will assist the eligible con-  
16          sortia with expanding and enhancing such activities.

17          (5) A description of the organizational structure  
18          that will be used to administer the activities carried  
19          out under the plan, including a description of the sys-  
20          tem used to track the participation of students who  
21          receive grants to degree completion.

22          (6) A description of the strategies that will be  
23          used to identify eligible students who are enrolled in  
24          secondary school and who may benefit from the ac-  
25          tivities of the eligible consortia.

1           (d) *ELIGIBLE CONSORTIA.*—*An eligible consortia with*  
2 *which a philanthropic organization is affiliated for the pro-*  
3 *gram under this section shall—*

4           (1) *be a partnership of multiple entities that*  
5 *have agreed to work together to carry out this section,*  
6 *including—*

7           (A) *such philanthropic organization, which*  
8 *shall serve as the manager of the consortia;*

9           (B) *a State that demonstrates a commit-*  
10 *ment to ensuring the creation of a Statewide sys-*  
11 *tem to address the issues of early intervention*  
12 *and financial support for eligible students to*  
13 *enter and remain in college; and*

14           (C) *at the discretion of the philanthropic or-*  
15 *ganization described in subparagraph (A), addi-*  
16 *tional partners, including other non-profit orga-*  
17 *nizations, government entities (including local*  
18 *municipalities, school districts, cities, and coun-*  
19 *ties), institutions of higher education, and other*  
20 *public or private programs that provide men-*  
21 *toring or outreach programs; and*

22           (2) *conduct activities to assist eligible students*  
23 *with entering and remaining in college, which in-*  
24 *clude—*

1           (A) providing need-based grants to eligible  
2 students;

3           (B) providing early notification to low-in-  
4 come students of their potential eligibility for  
5 Federal financial aid (which may include assist-  
6 ing students and families with filling out  
7 FAFSA forms), as well as financial aid and  
8 other support available from the eligible con-  
9 sortia;

10          (C) encouraging increased eligible student  
11 participation in higher education through men-  
12 toring or outreach programs; and

13          (D) conducting marketing and outreach ef-  
14 forts that are designed to—

15               (i) encourage full participation of eli-  
16 gible students in the activities of the con-  
17 sortia that carry out this section; and

18               (ii) provide the communities impacted  
19 by the activities of the consortia with a gen-  
20 eral knowledge about the efforts of the con-  
21 sortia.

22          (e) ANNUAL REPORT.—A philanthropic organization  
23 receiving a grant under this section shall prepare and sub-  
24 mit an annual report to the Secretary on the activities car-  
25 ried out with such grant. The report shall include—

1           (1) *each activity or service that was provided to*  
2 *eligible students over the course of the year;*

3           (2) *the cost of providing each such activity or*  
4 *service;*

5           (3) *the number and percentage of eligible stu-*  
6 *dents who received grants, mentoring, and outreach*  
7 *services; and*

8           (4) *the total amount of charitable gifts received*  
9 *by the eligible consortia (including its members) with*  
10 *which the philanthropic organization is affiliated for*  
11 *the fiscal year.*

12       (f) *REGULATIONS.—The Secretary shall promulgate*  
13 *regulations to carry out this section. Such regulations shall*  
14 *include—*

15           (1) *the maximum grant amount that may be*  
16 *awarded to a philanthropic organization under this*  
17 *section;*

18           (2) *the minimum amount of charitable gifts an*  
19 *eligible consortia (including its members) shall receive*  
20 *in a fiscal year for the philanthropic organization af-*  
21 *filiated with such consortia to be eligible for a grant*  
22 *under this section.*

23       (g) *DEFINITIONS.—For the purposes of this section:*

24           (1) *ELIGIBLE STUDENT.—The term “eligible stu-*  
25 *dent” means an individual who—*

1           (A) is a member of an underserved popu-  
2           lation;

3           (B) is enrolled—

4                 (i) in a secondary school pursuing a  
5                 high school diploma; or

6                 (ii) in an institution of higher edu-  
7                 cation or is planning to attend an institu-  
8                 tion of higher education; and

9           (C) either—

10                 (i) is receiving, or has received, finan-  
11                 cial assistance or support services from the  
12                 consortium; or

13                 (ii) meets 2 or more of the following  
14                 criteria:

15                         (I) Has an expected family con-  
16                         tribution equal to zero (as described in  
17                         section 479 of the Higher Education  
18                         Act of 1965) or a comparable alter-  
19                         native based upon the State's approved  
20                         criteria in section 415C(b)(4) of such  
21                         Act.

22                         (II) Has qualified for a free  
23                         lunch, or at the State's discretion a re-  
24                         duced price lunch, under the school  
25                         lunch program established under the

1 *Richard B. Russell National School*  
2 *Lunch Act.*

3 (III) *Qualifies for the State's*  
4 *maximum need-based undergraduate*  
5 *award.*

6 (IV) *Is participating in, or has*  
7 *participated in, a Federal, State, insti-*  
8 *tutional, or community mentoring or*  
9 *outreach program, as recognized by the*  
10 *eligible consortia carrying out activi-*  
11 *ties under this section.*

12 (2) *PHILANTHROPIC ORGANIZATION.—The term*  
13 *“philanthropic organization” means a non-profit or-*  
14 *ganization—*

15 (A) *that does not receive funds under title*  
16 *IV of the Higher Education Act of 1965 or under*  
17 *the Elementary and Secondary Education Act of*  
18 *1965;*

19 (B) *that is not a local educational agency*  
20 *or an insitution of higher education;*

21 (C) *that has a demonstrated record of dis-*  
22 *persing grant aid to underserved populations to*  
23 *ensure access to, and participation in, higher*  
24 *education;*

1           (D) that is affiliated with an eligible con-  
2           sortia (as defined in subsection (d)) to carry out  
3           this section; and

4           (E) the primary purpose of which is to pro-  
5           vide financial aid and support services to stu-  
6           dents from underrepresented populations to in-  
7           crease the number of such students who enter and  
8           remain in college.

9           (3) STATE.—The term “State” means each of the  
10          several States of the United States, the District of Co-  
11          lumbia, and Puerto Rico.

12          (4) UNDERSERVED POPULATION.—The term “un-  
13          derserved population” means a group of individuals  
14          who traditionally have not been well represented in  
15          the general population of students who pursue and  
16          successfully complete a higher education degree.

17          (h) PROGRAM FUNDING.—

18                 (1) IN GENERAL.—There shall be available to the  
19                 Secretary to carry out this section, from funds not  
20                 otherwise appropriated, \$300,000,000 for the period  
21                 beginning with fiscal year 2008 and ending with fis-  
22                 cal year 2012.

23                 (2) USE OF EXCESS FUNDS.—If, at the end of a  
24                 fiscal year, the funds available for awarding grants  
25                 under this section exceed the amount necessary to



1           “(1) *AUTHORIZATION AND APPROPRIATION.*—  
2           *There are authorized to be appropriated, and there*  
3           *are appropriated to the Secretary, from funds not*  
4           *otherwise appropriated, \$30,000,000 for each of the*  
5           *fiscal years 2008 through 2011 to carry out para-*  
6           *graph (2), except that any amounts that remain un-*  
7           *expended for such purpose for each of such fiscal years*  
8           *may be available for technical assistance and admin-*  
9           *istration costs for the Upward Bound program.*

10           “(2) *USE OF FUNDS.*—*The amounts made avail-*  
11           *able by paragraph (1) shall be available to provide*  
12           *assistance to all Upward Bound projects that received*  
13           *assistance in fiscal year 2006 but that did not receive*  
14           *assistance in fiscal year 2007 (other than new appli-*  
15           *cants) with a grant score above 70. Such assistance*  
16           *shall be made available in the form of 4-year*  
17           *grants.”.*

## 18                           **TITLE V—ADDITIONAL** 19                           **PROVISIONS**

### 20   **SEC. 501. INDEPENDENT EVALUATION OF DISTANCE EDU-** 21                           **CATION PROGRAMS.**

22           “(a) *INDEPENDENT EVALUATION.*—*The Secretary of*  
23           *Education shall enter into an agreement with the National*  
24           *Academy of Sciences to conduct a scientifically correct and*  
25           *statistically valid evaluation of the quality of distance edu-*

1 cation programs, as compared to campus-based education  
2 programs, at institutions of higher education. Such evalua-  
3 tion shall include—

4 (1) identification of the elements by which the  
5 quality of distance education, as compared to cam-  
6 pus-based education, can be assessed, including ele-  
7 ments such as subject matter, interactivity, and stu-  
8 dent outcomes;

9 (2) identification of distance and campus-based  
10 education program success, with respect to student  
11 achievement, in relation to the mission of the institu-  
12 tion of higher education; and

13 (3) identification of the types of students (in-  
14 cluding classification of types of students based on  
15 student age) who most benefit from distance education  
16 programs, the types of students who most benefit from  
17 campus-based education programs, and the types of  
18 students who do not benefit from distance education  
19 programs, by assessing elements including access to  
20 higher education, job placement rates, undergraduate  
21 graduation rates, and graduate and professional de-  
22 gree attainment rates.

23 (b) SCOPE.—The National Academy of Sciences shall  
24 select for participation in the evaluation under subsection

1 (a) a diverse group of institutions of higher education with  
2 respect to size, mission, and geographic distribution.

3 (c) *INTERIM AND FINAL REPORTS.*—The agreement  
4 under subsection (a) shall require that the National Acad-  
5 emy of Sciences submit to the Secretary of Education, the  
6 Committee on Health, Education, Labor and Pensions of  
7 the Senate, and the Committee on Education and Labor  
8 of the House of Representatives—

9 (1) an interim report regarding the evaluation  
10 under subsection (a) not later than December 31,  
11 2007; and

12 (2) a final report regarding such evaluation not  
13 later than December 31, 2009.

14 (d) *APPROPRIATIONS.*—There shall be available to the  
15 Secretary, from funds not otherwise appropriated, \$100,000  
16 to carry out this section.

17 **SEC. 502. ENCOURAGING COLLEGES AND UNIVERSITIES TO**  
18 **“GO GREEN”.**

19 (a) *FINDINGS.*—The Committee on Education and  
20 Labor of the House of Representatives makes the following  
21 findings:

22 (1) A commitment to and academic programs for  
23 environmental and economic sustainability are essen-  
24 tial for our Nation’s future prosperity.

1           (2) *The more than 4,200 higher education insti-*  
2           *tutions in the United States have the capacity to in-*  
3           *novatively leverage spending and change consumption*  
4           *patterns by incorporating concepts of sustainability*  
5           *into their academic programs and by modeling sus-*  
6           *tainable economic and environmental practices for*  
7           *their communities.*

8           (3) *Many colleges and universities have inter-*  
9           *disciplinary programs or centers focusing on equip-*  
10          *ping students with the academic content knowledge*  
11          *needed to understand concepts of sustainability and*  
12          *“going green”.*

13          (4) *Many colleges and universities have pro-*  
14          *grams related to the research of sustainability and*  
15          *sustainable systems.*

16          (5) *Academic programs related to sustainability*  
17          *vary in rigor because no national education content*  
18          *standards for academic sustainability programs cur-*  
19          *rently exist.*

20          (6) *Colleges and universities may partner with*  
21          *businesses to encourage students and faculty to trans-*  
22          *late academic learning and research into practical so-*  
23          *lutions that promote sustainability.*

24          (7) *Colleges and universities that make an effort*  
25          *to reduce energy consumption and promote environ-*

1        *mental sustainability not only reduce their own emis-*  
2        *sions, but also motivate the leaders of the next genera-*  
3        *tion to action and create technical skills and resources*  
4        *to develop innovative solutions.*

5            (8) *Many colleges and universities have under-*  
6        *taken detailed, campus-wide assessments of their*  
7        *progress toward “going green” and sustainability or*  
8        *have measured their progress in specific sectors, such*  
9        *as operations, or specific parameters, such as recy-*  
10       *cling, energy, and water consumption.*

11           (9) *No system that evaluates and compares col-*  
12       *lege and university campuses in terms of overall sus-*  
13       *tainability-related academic programs and practices*  
14       *currently exists.*

15        (b) *SENSE OF THE COMMITTEE ON EDUCATION AND*  
16       *LABOR.—It is the sense of the Committee on Education and*  
17       *Labor that in order to encourage increased public aware-*  
18       *ness of the need to “go green” by using sustainable economic*  
19       *and environmental practices and rigorous sustainability*  
20       *academic programs on college and university campuses, the*  
21       *following should be encouraged:*

22            (1) *The development of educational standards by*  
23       *institutions of higher education to determine the nec-*  
24       *essary rigor and effectiveness of academic sustain-*  
25       *ability programs.*

1           (2) *Public awareness of the need for “going*  
2 *green” by using sustainable economic and environ-*  
3 *mental practices.*

4           (3) *Non-governmental efforts to improve eco-*  
5 *nomie and environmental sustainability efforts on*  
6 *college and university campuses, including holding*  
7 *national summits to share best practices.*

8           (4) *Collaborative partnerships between Federal*  
9 *agencies, businesses, universities and communities to*  
10 *broaden sustainability practices.*



Union Calendar No. 128

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 2669**

[Report No. 110-210]

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## **A BILL**

To provide for reconciliation pursuant to section 601 of the concurrent resolution on the budget for fiscal year 2008.

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JUNE 25, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed