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In the Senate of the United States,

July 9, 1998.

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

AMENDMENT:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Higher Education Amendments of 1998''.

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

Sec. 1. Short title; table of contents.
Sec. 2. References.

TITLE I—GENERAL PROVISIONS

Sec. 101. General provisions.
Sec. 102. Federal control of education prohibited.
Sec. 103. National Advisory Committee on Institutional Quality and Integrity.
Sec. 104. Grants and recognition awards.
Sec. 105. Prior rights and obligations; recovery of payments.
Sec. 106. Technical and conforming amendments.

TITLE II—IMPROVING TEACHER QUALITY

Sec. 201. Improving teacher quality.

TITLE III—INSTITUTIONAL AID

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

TITLE IV—STUDENT ASSISTANCE

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

Sec. 411. Repeals and redesignations.
Sec. 412. Federal Pell grants.
Sec. 413. TRIO programs.
Sec. 414. Connections program.
Sec. 415. Federal supplemental educational opportunity grants.
Sec. 416. Leveraging educational assistance partnership program.
Sec. 417. HEP and CAMP.
Sec. 418. Robert C. Byrd honors scholarship program.
Sec. 419. Child care access means parents in school.
Sec. 420. Learning anytime anywhere partnerships.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

Sec. 421. Advances for reserve funds.
Sec. 422. Federal Student Loan Reserve Fund.
Sec. 423. Agency Operating Fund.
Sec. 424. Scope and duration of Federal loan insurance program.
Sec. 425. Applicable interest rates.
Sec. 426. Federal payments to reduce student interest costs.
Sec. 427. Voluntary flexible agreements with guaranty agencies.
Sec. 428. Federal PLUS loans.
Sec. 429. Federal consolidation loans.
Sec. 430. Requirements for disbursements of student loans.
Sec. 431. Default reduction program.
Sec. 432. Unsubsidized loans.
Sec. 433. Loan forgiveness for teachers.
Sec. 434. Loan forgiveness for child care providers.
Sec. 435. Notice to Secretary and payment of loss.
Sec. 436. Common forms and formats.
Sec. 437. Student loan information by eligible lenders.
Sec. 438. Definitions.
Sec. 439. Study of the effectiveness of cohort default rates for institutions with few student loan borrowers.
Sec. 440. Delegation of functions.
Sec. 440A. Special allowances.
Sec. 440B. Study of market-based mechanisms for determining student loan interest rates.

Part C—Federal Work-Study Programs

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

Part D—William D. Ford Federal Direct Loan Program

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

Part E—Federal Perkins Loans

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

Part F—Need Analysis

Sec. 471. Cost of attendance.
Sec. 472. Family contribution for dependent students.
Sec. 473. Family contribution for independent students without dependents other than a spouse.
Sec. 474. Regulations; updated tables and amounts.
Sec. 475. Simplified needs test; zero expected family contribution.
Sec. 476. Refusal or adjustment of loan certifications.
Sec. 477. Treatment of other financial assistance.

Part G—General Provisions

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

Part H—Program Integrity Triad

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

Part I—Administrative Provisions for Delivery of Student Financial Assistance

Sec. 495. Performance-based organization for the delivery of Federal student financial assistance.
Sec. 496. Student Loan Ombudsman Office.

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

Sec. 501. Repeals, transfers, and redesignations.
Sec. 502. Purpose.

Part A—Jacob K. Javits Fellowship Program

Sec. 511. Award of fellowships.

Part B—Graduate Assistance in Areas of National Need

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

Part C—Faculty Devlopment Program

Sec. 531. Faculty development program reauthorized.

Part D—Urban Community Service

Sec. 541. Urban community service.

Part E—Fund for the Improvement of Postsecondary Education

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

Part F—Higher Education Access for Students With Disabilities; Hispanic-Serving Institutions; General Provisions

Sec. 561. Higher education access for students with disabilities; Hispanic-serving institutions; general provisions.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

Sec. 601. International and foreign language studies.
Sec. 602. Business and international education programs.
Sec. 603. Institute for International Public Policy.
Sec. 604. General provisions.

TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER ACTS

Part A—Indian Education Programs

Sec. 711. Tribally Controlled Community College Assistance Act of 1978.
Sec. 712. American Indian, Alaska Native, and Native Hawaiian culture and art development.
Sec. 713. Navajo Community College Act.

Part B—Advanced Placement Incentive Program

Sec. 721. Advanced placement incentive program.

Part C—United States Institute of Peace

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

Part D—Community Scholarship Mobilization

Sec. 741. Short title.
Sec. 742. Findings.
Sec. 743. Definitions.
Sec. 744. Purpose, endowment grant authority.
Sec. 745. Grant agreement and requirements.
Sec. 746. Authorization of appropriations.

Part E—Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders

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

Part F—Web-Based Education Commission

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

Part G—Education of the Deaf

Sec. 761. Short title.
Sec. 762. Elementary and secondary education programs.
Sec. 763. Agreement with Gallaudet University.
Sec. 764. Agreement for the National Technical Institute for the Deaf.
Sec. 765. Definitions.
Sec. 766. Gifts.
Sec. 767. Reports.
Sec. 768. Monitoring, evaluation, and reporting.
Sec. 769. Investments.
Sec. 770. International students.
Sec. 771. Research priorities.
Sec. 772. Authorization of appropriations.
Sec. 773. Commission on Education of the Deaf.

Part H—Repeals

Sec. 781. Repeals.

Part I—Miscellaneous

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

Sec. 797. Protection of student speech and association rights.
Sec. 798. Binge drinking on college campuses.
Sec. 799. Sense of the Senate regarding higher education.
Sec. 799A. Sense of Congress regarding teacher education.
Sec. 799B. Liaison for proprietary institutions of higher education.
Sec. 799C. Expansion of educational opportunities for welfare recipients.
Sec. 799D. Alcohol or drug possession disclosure.
Sec. 799E. Release of conditions, covenants, and reversionary interests, Guam Community College conveyance, Barrigada, Guam.
Sec. 799F. Sense of Congress regarding good character.

SEC. 2. REFERENCES.

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

TITLE I—GENERAL PROVISIONS

SEC. 101. GENERAL PROVISIONS.

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

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

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

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

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

"TITLE I—GENERAL PROVISIONS";

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

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

SEC. 102. FEDERAL CONTROL OF EDUCATION PROHIBITED.

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

SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

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

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

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

(3) by inserting after subsection (b) the following:

"(c) PUBLIC NOTICE.—The Secretary shall—

"(1) annually publish in the Federal Register a list containing the name of each member of the Committee and the date of the expiration of the term of office of the member; and

"(2) publicly solicit nominations for each vacant position or expiring term of office on the Committee.";

(4) in subsection (d) (as redesignated by paragraph (2))—

(A) by striking paragraph (6); and

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

(5) in subsection (g) (as redesignated by paragraph (2)), by striking "1998" and inserting "2004".

SEC. 104. GRANTS AND RECOGNITION AWARDS.

Section 110 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145g) is amended by adding at the end the following:

"(e) ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.—

"(1) PROGRAM AUTHORITY.—The Secretary may make grants to institutions of higher education or

consortia of such institutions, and enter into contracts with such institutions, consortia, and other organizations, to develop, implement, operate, improve, and disseminate programs of prevention, and education (including treatment-referral) to reduce and eliminate the illegal use of drugs and alcohol and the violence associated with such use. Such grants or contracts may also be used for the support of a higher education center for alcohol and drug abuse prevention that will provide training, technical assistance, evaluation, dissemination, and associated services and assistance to the higher education community as determined by the Secretary and institutions of higher education.

"(2) AWARDS.—Grants and contracts shall be awarded under paragraph (1) on a competitive basis.

"(3) APPLICATIONS.—An institution of higher education, a consortium of such institutions, or another organization that desires to receive a grant or contract under paragraph (1) shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require by regulation.

"(4) ADDITIONAL REQUIREMENTS.—

"(A) PARTICIPATION.—In awarding grants under this subsection the Secretary shall make every effort to ensure—

"(i) the equitable participation of private and public institutions of higher education (including community and junior colleges); and

"(ii) the equitable geographic participation of such institutions.

"(B) CONSIDERATION.—In awarding grants and contracts under this subsection the Secretary shall give appropriate consideration to institutions of higher education with limited enrollment.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(f) NATIONAL RECOGNITION AWARDS.—

"(1) PURPOSE.—It is the purpose of this subsection to provide models of innovative and effective alcohol prevention programs in higher education and to focus national attention on exemplary alcohol prevention efforts.

"(2) AWARDS.—

"(A) IN GENERAL.—The Secretary shall make 10 National Recognition Awards, on an annual basis, to institutions of higher education that—

"(i) have developed and implemented innovative and effective alcohol prevention programs; and

"(ii) demonstrate in the application submitted under paragraph (3) that the institution has undertaken efforts designed to change the culture of college drinking consistent with the objectives described in paragraph (4)(B).

"(B) CEREMONY.—The awards shall be made at a ceremony in Washington, D.C.

"(C) DOCUMENT.—The Secretary shall publish a document describing the alcohol prevention programs of institutions of higher education that receive the awards under this subsection and disseminate the document nationally to all public and private secondary school guidance counselors for use by secondary school juniors and seniors preparing to enter an institution of higher edu-

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

"(D) AMOUNT AND USE.—Each institution of higher education selected to receive an award under this subsection shall receive an award in the amount of $50,000. Such award shall be used for the maintenance and improvement of the institution's alcohol prevention program for the academic year following the academic year for which the award is made.

"(3) APPLICATION.—

"(A) IN GENERAL.—Each institution of higher education desiring an award under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—

"(i) a clear description of the goals and objectives of the alcohol program of the institution;

"(ii) a description of program activities that focus on alcohol policy issues, policy development, modification, or refine-

ment, policy dissemination and implementation, and policy enforcement;

"(iii) a description of activities that encourage student and employee participation and involvement in activity development and implementation;

"(iv) the objective criteria used to determine the effectiveness of the methods used in the program and the means used to evaluate and improve the program efforts; and

"(v) a description of the activities to be assisted that meet the criteria described in subparagraph (C).

"(B) APPLICATION REVIEW.—The Secretary shall appoint a committee to review applications submitted under this paragraph. The committee may include representatives of Federal departments or agencies the programs of which include alcohol abuse prevention and education efforts, directors or heads (or their representatives) of professional associations that focus on alcohol abuse prevention efforts, and non-Federal scientists who have backgrounds in social science evaluation and research methodology and in edu-

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

"(C) REVIEW CRITERIA.—The committee described in subparagraph (B) shall develop specific review criteria for reviewing and evaluating applications submitted under this paragraph. Such criteria shall include whether the institution of higher education has policies in effect that—

"(i) prohibit alcoholic beverage sponsorship of athletic events, and prohibit alcoholic beverage advertising inside athletic facilities;

"(ii) prohibit alcoholic beverage marketing on campus, which may include efforts to ban alcohol advertising in institutional publications or efforts to prohibit alcohol-related advertisements at campus events;

"(iii) establish or expand upon alcohol-free living arrangements for all college students;

"(iv) establish partnerships with community members and organizations to fur-

ther alcohol prevention efforts on campus and the areas surrounding campus; and

"(v) establish innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

"(4) ELIGIBILITY.—

"(A) IN GENERAL.—In order to be eligible to receive a National Recognition Award an institution of higher education shall—

"(i) offer an associate or baccalaureate degree;

"(ii) have established an alcohol abuse prevention and education program;

"(iii) nominate itself or be nominated by others, such as professional associations or student organizations, to receive the award; and

"(iv) not have received an award under this subsection during the 5 academic years preceding the academic year for which the determination is made.

"(B) OBJECTIVES.—In order to receive a National Recognition Award an institution shall demonstrate in the application submitted under

paragraph (3) that the institution has accomplished all of the following objectives:

"(i) The elimination of alcoholic beverage sponsorship of athletic events, and the elimination of alcoholic beverage advertising inside athletic facilities.

"(ii) The elimination of alcoholic beverage marketing on campus that may include efforts to ban alcohol advertising in institutional publications or prohibit alcohol-related advertisements at campus events.

"(iii) The establishment or expansion of alcohol-free living arrangements for all college students.

"(iv) The establishment of partnerships with community members and organizations to further alcohol prevention efforts on campus and the surrounding areas.

"(v) The establishment of innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

"(5) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $750,000 for fiscal year 1999.

"(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available until expended.".

SEC. 105. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF PAYMENTS.

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

"SEC. 111. PRIOR RIGHTS AND OBLIGATIONS.

"(a) AUTHORIZATION OF APPROPRIATIONS.—

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

"(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to the date of enactment of the

Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

"(A) after the effective date of the Higher Education Amendments of 1992; and

"(B) prior to the date of enactment of the Higher Education Amendments of 1998.

"(b) LEGAL RESPONSIBILITIES.—

"(1) PRE-1987 TITLE VII.—All entities with continuing obligations incurred under parts A, B, C, and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Amendments of 1992.

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

"(A) after the effective date of the Higher Education Amendments of 1992; and

"(B) prior to the date of enactment of the Higher Education Amendments of 1998,

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

"SEC. 112. RECOVERY OF PAYMENTS.

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

"(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of title VII as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992—

"(1) the applicant under such parts as so in effect (or the applicant's successor in title or possession) ceases or fails to be a public or nonprofit institution, or

"(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility' (as such term was defined under title VII, as so in effect), unless the Secretary determines that there is good cause for releasing the institution from its obligation,

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

"(c) PROHIBITION ON USE FOR RELIGION.—Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under title VII (as in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

"SEC. 113. STUDENT-RELATED DEBT STUDY REQUIRED.

"(a) IN GENERAL.—The Secretary shall conduct a study that analyzes the distribution and increase in student-related debt in terms of—

"(1) demographic characteristics, such as race or ethnicity, and family income;

"(2) type of institution and whether the institution is a public or private institution;

"(3) loan source, such as Federal, State, institutional or other, and, if the loan source is Federal, whether the loan is or is not subsidized;

"(4) academic field of study;

"(5) parent loans, and whether the parent loans are federally guaranteed, private, or property-secured such as home equity loans; and

"(6) relation of student debt or anticipated debt to—

"(A) students' decisions about whether and where to enroll in college and whether or how much to borrow in order to attend college;

"(B) the length of time it takes students to earn baccalaureate degrees;

"(C) students' decisions about whether and where to attend graduate school;

"(D) graduates' employment decisions;

"(E) graduates' burden of repayment as reflected by the graduates' ability to save for retirement or invest in a home; and

"(F) students' future earnings.

"(b) REPORT.—After conclusion of the study required by subsection (a), the Secretary shall submit a final report regarding the findings of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 18 months after the date of enactment of the Higher Education Amendments of 1998.

"(c) INFORMATION.—After the study and report under this section are concluded, the Secretary shall determine which information described in subsection (a) would be useful for families to know and shall include such information as part of the comparative information provided to families about the costs of higher education under the provisions of section 486(a)(1).

"SEC. 114. STUDY OF FORECLOSED PROPERTY OR ASSETS.

"Not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, the Comptroller General, in consultation with the Inspector General of the Department, shall submit a report to the Committee on Labor and Human Resources of the Senate and the Com-

mittee on Education and the Workforce of the House of Representatives that provides the following:

"(1) Descriptions of legislative changes that can be made to strengthen laws governing the transfer of foreclosed property or assets by the Department to individuals or their agents that have had prior dealings with the Department. Such descriptions shall address the transfer of property to individuals or their agents who have been in positions of management or oversight at postsecondary educational institutions that have failed, or are failing, to make payments to the Department on property loans, or defaulted on any property or asset loan from a Federal agency.

"(2) Changes that can be implemented at the Department to strengthen all rules and regulations governing the transfer of foreclosed property or assets by the Department to individuals or their agents as described in paragraph (1).

"SEC. 115. STATE REQUIREMENT.

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

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

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

"(2) election for Governor or other chief executive within such State.

"(b) NONAPPLICABILITY TO CERTAIN STATES.—The requirement of subsection (a) shall not apply to a State which is described in section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg–2(b)).

"SEC. 116. STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETICS PROGRAMS.

"(a) STUDY.—The Comptroller General shall conduct a study of the opportunities for participation in intercollegiate athletics. The study shall address issues including—

"(1) the extent to which the number of—

"(A) secondary school athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms); and

"(B) intercollegiate athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms) at 2-year and 4-year institutions of higher education;

"(2) the extent to which participation by student-athletes in secondary school and intercollegiate athletics has increased or decreased in the 20 years preceding 1998 (in aggregate terms);

"(3) over the 20-year period preceding 1998, a list of the men's and women's secondary school and intercollegiate sports, ranked in order of the sports most affected by increases or decreases in levels of participation and numbers of teams (in the aggregate);

"(4) all factors that have influenced campus officials to add or discontinue sports teams at secondary schools and institutions of higher education, including—

"(A) institutional mission and priorities;

"(B) budgetary pressures;

"(C) institutional reforms and restructuring;

"(D) escalating liability insurance premiums;

"(E) changing student and community interest in a sport;

"(F) advancement of diversity among students;

"(G) lack of necessary level of competitiveness of the sports program;

"(H) club level sport achieving a level of competitiveness to make the sport a viable varsity level sport;

"(I) injuries or deaths; and

"(J) conference realignment;

"(5) the actions that institutions of higher education have taken when decreasing the level of participation in intercollegiate sports, or the number of teams, in terms of providing information, advice, scholarship maintenance, counseling, advance warning, and an opportunity for student-athletes to be involved in the decisionmaking process;

"(6) the administrative processes and procedures used by institutions of higher education when determining whether to increase or decrease intercollegiate athletic teams or participation by student-athletes;

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

"(A) to increase or decrease the number of intercollegiate athletic teams or the participation of student-athletes; or

"(B) to be involved in a conference realignment; and

"(8) the alternatives, if any, institutions of higher education have pursued in lieu of eliminating, or severely reducing the funding for, an intercollegiate sport, and the success of such alternatives.

"(b) REPORT.—The Comptroller General shall submit a report regarding the results of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

"SEC. 117. SPECIAL RULE.

"Notwithstanding any other provision of law, the sum of financial assistance received under this Act and other Federal financial assistance for postsecondary education received by an individual shall not exceed the individual's cost of attendance as defined in section 472, except that no individual shall have the amount of a Federal Pell Grant for which the individual is eligible reduced as a result of the application of this section.".

SEC. 106. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS CORRECTING REFERENCES TO SECTION 1201.—

(1) AGRICULTURE.—

(A) STUDENT INTERNSHIP PROGRAMS.—Section 922 of the Federal Agriculture Improve-

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

(i) in subsection (a)(1)(B)—

(I) by striking "1201" and inserting "101"; and

(II) by striking "(20 U.S.C. 1141)"; and

(ii) in subsection (b)(1)—

(I) by striking "1201" and inserting "101"; and

(II) by striking "(20 U.S.C. 1141)".

(B) AGRICULTURAL SCIENCES EDUCATION.—Section 1417(h)(1)(A) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(2) ARMED FORCES.—

(A) SCIENCE AND MATHEMATICS EDUCATION IMPROVEMENT PROGRAM.—Section 2193(c)(1) of title 10, United States Code, is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(D) ENVIRONMENTAL RESTORATION INSTITUTIONAL GRANTS FOR TRAINING DISLOCATED DEFENSE WORKERS AND YOUNG ADULTS.—Section 1333(i)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(E) ENVIRONMENTAL EDUCATION OPPORTUNITIES PROGRAM.—Section 1334(k)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(A) by striking "1201(a)" and inserting "101(a)"; and

(B) by striking "(20 U.S.C. 1141(a))".

(4) RESTRICTIONS ON FORMER OFFICERS, EMPLOYEES, AND ELECTED OFFICIALS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES.—Section 207(j)(2)(B) of title 18, United States Code, is

amended by striking "1201(a)" and inserting "101(a)".

(5) EDUCATION.—

(A) HIGHER EDUCATION AMENDMENTS OF 1992.—Section 1(c) of the Higher Education Amendments of 1992 (20 U.S.C. 1001 note) is amended by striking "1201" and inserting "101".

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

(i) in subsection (a)—

(I) in the matter preceding paragraph (1)(A), by striking "1201(a)" and inserting "101(a)";

(II) in paragraph (1)(C), by striking "1201(a)" and inserting "101(a)";

(III) in the first sentence of the matter preceding clause (i) of paragraph (2)(A), by striking "1201(a)" and inserting "101(a)"; and

(IV) in the matter following paragraph (2)(B)(ii), by striking "1201(a)" and inserting "101(a)";

(ii) in subsection (b)—

(I) in the first sentence—

(aa) in paragraph (2), by striking "1201(a)" and inserting "101(a)"; and

(bb) in paragraph (3), by striking "1201(a)" and inserting "101(a)"; and

(II) in the second sentence, by striking "1201(a)" and inserting "101(a)"; and

(iii) in subsection (c)—

(I) in the first sentence, by striking "1201(a)" and inserting "101(a)"; and

(II) in the second sentence, by striking "1201(a)" and inserting "101(a)".

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

(D) INTERNATIONAL EDUCATION PROGRAMS.—Section 631(a)(8) of the Higher Education Act of 1965 (20 U.S.C. 1132(a)(8)) is

amended by striking "1201(a)" each place it appears and inserting "101(a)".

(E) DWIGHT D. EISENHOWER LEADERSHIP PROGRAM.—Section 1081(d) of the Higher Education Act of 1965 (20 U.S.C. 1135f(d)) is amended by striking "1201" and inserting "101".

(F) DISCLOSURE REQUIREMENTS.—Section 429(d)(2)(B)(ii) of the General Education Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is amended by striking "1201(a)" and inserting "101(a)".

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

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

(I) EDUCATION FOR ECONOMIC SECURITY.—Section 3(6) of the Education for Economic Security Act (20 U.S.C. 3902(6)) is amended by striking "1201(a)" and inserting "101(a)".

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

(i) in paragraph (3), by striking "1201(a)" and inserting "101(a)"; and

(ii) in paragraph (4), by striking "1201(d) of the Higher Education Act of 1965" and inserting "14101 of the Elementary and Secondary Education Act of 1965".

(K) BARRY GOLDWATER SCHOLARSHIPS.—Section 1403(4) of the Barry Goldwater Scholarship and Excellence in Education Act (20 U.S.C. 4702(4)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(M) BILINGUAL EDUCATION, AND LANGUAGE ENHANCEMENT AND ACQUISITION.—Section 7501(4) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7601(4)) is amended by striking "1201(a)" and inserting "101(a)".

(N) GENERAL DEFINITIONS.—Section 14101(17) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(17)) is amended by striking "1201(a)" and inserting "101(a)".

(O) NATIONAL EDUCATION STATISTICS.—Section 402(c)(3) of the National Education Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is amended by striking "1201(a)" and inserting "101(a)".

(6) FOREIGN RELATIONS.—

(A) ENVIRONMENT AND SUSTAINABLE DEVELOPMENT EXCHANGE PROGRAM.—Section 240(d) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2452 note) is amended by striking "1201(a)" and inserting "101(a)".

(B) SAMANTHA SMITH MEMORIAL EXCHANGE PROGRAM.—Section 112(a)(8) of the

Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460(a)(8)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(C) SOVIET-EASTERN EUROPEAN TRAINING.—Section 803(1) of the Soviet-Eastern European Research and Training Act of 1983 (22 U.S.C. 4502(1)) is amended by striking "1201(a)" and inserting "101(a)".

(D) DEVELOPING COUNTRY SCHOLARSHIPS.—Section 603(d) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (22 U.S.C. 4703(d)) is amended by striking "1201(a)" and inserting "101(a)".

(7) INDIANS.—

(A) SNYDER ACT.—The last paragraph of section 410 of the Act entitled "An Act authorizing appropriations and expenditures for the administration of Indian Affairs, and for other purposes", approved November 2, 1921 (25 U.S.C. 13) (commonly known as the Snyder Act) is amended by striking "1201" and inserting "101".

(B) TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE.—Section 2(a)(5) of the Tribally Controlled Community College Assistance Act (25 U.S.C. 1801(a)(5)) is amended by striking "1201(a)" and inserting "101(a)".

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(D) AMERICAN INDIAN TEACHER TRAINING.—Section 1371(a)(1)(B) of the Higher Education Amendments of 1992 (25 U.S.C. 3371(a)(1)(B)) is amended by striking "1201(a)" and inserting "101(a)".

(8) LABOR.—

(A) REHABILITATION DEFINITIONS.—Section 7(32) of the Rehabilitation Act of 1973 (29 U.S.C. 706(32)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(9) SURFACE MINING CONTROL.—Section 701(32) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1291(32)) is amended by striking "1201(a)" and inserting "101(a)".

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

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

(A) by striking "1201(a)" and inserting "101(a)"; and

(B) by striking "(20 U.S.C. 1141(a))".

(12) PUBLIC HEALTH AND WELFARE.—

(A) SCIENTIFIC AND TECHNICAL EDUCATION.—Section 3(g) of the Scientific and Advanced-Technology Act of 1992 (42 U.S.C. 1862i(g)) is amended—

(i) in paragraph (2)—

(I) by striking "1201(a)" and inserting "101(a)"; and

(II) by striking "(20 U.S.C. 1141(a))"; and

(ii) in paragraph (3)—

(I) by striking "1201(a)" and inserting "101(a)"; and

(II) by striking "(20 U.S.C. 1141(a))".

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(D) ENERGY TECHNOLOGY COMMERCIALIZATION SERVICES PROGRAM.—Section 362(f)(5)(A) of the Energy Policy and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(G) STATE DEPENDENT CARE DEVELOPMENT GRANTS.—Section 670G(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9877(5)) is amended by striking "1201(a)" and inserting "101(a)".

(H) INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.—The matter preceding subparagraph (A) of section 682(b)(1) of the Community Services Block Grant Act (42 U.S.C. 9910c(b)(1)) is amended by striking "1201(a)" and inserting "101(a)".

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

Service Act of 1990 (42 U.S.C. 12511(13)) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

(L) COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM.—The definition of public school in section 30401(b) of the Community Schools Youth Services and Supervision Grant Program Act of 1994 (42 U.S.C. 13791(b)) is amended—

(i) by striking "1201" each place it appears and inserting "101"; and

(ii) by striking "(20 U.S.C. 1141(i))".

(M) POLICE CORPS.—The definition of institution of higher education in section 200103 of the Police Corps Act (42 U.S.C. 14092) is amended—

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(i) by striking "1201(a)" and inserting "101(a)"; and

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

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

(A) by striking "1201" and inserting "101"; and

(B) by striking "(20 U.S.C. 1141)".

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

(A) by striking "1201(a)" and inserting "101(a)"; and

(B) by striking "(20 U.S.C. 1141(a))".

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

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

(2) in section 481 (20 U.S.C. 1088)—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in the matter preceding subparagraph (A), by striking "1201(a)" and inserting "101(a)"; and

(II) in subparagraph (C), by striking "1201(a)" and inserting "101(a)"; and

(ii) in paragraph (2)—

(I) in the matter preceding clause (i) of subparagraph (A), by striking "1201(a)" and inserting "101(a)"; and

(II) in the matter following clause (ii) of subparagraph (B), by striking "1201(a)" and inserting "101(a)";

(B) in subsection (b), by striking "1201(a)" each place the term appears and inserting "101(a)"; and

(C) in subsection (c), by striking "1201(a)" each place the term appears and inserting "101(a)";

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

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

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

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

(A) by striking "section 1201(a)" each place the term appears and inserting "section 101(a)"; and

(B) by striking "of 1201(a)" and inserting "of section 101(a)"; and

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

TITLE II—IMPROVING TEACHER QUALITY

SEC. 201. IMPROVING TEACHER QUALITY.

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

"TITLE II—IMPROVING TEACHER QUALITY

"SEC. 201. PURPOSES.

"The purpose of this title is to—

"(1) improve student achievement;

"(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; and

"(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, including training in the effective uses of technologies in the classroom.

"PART A—TEACHER QUALITY

"Subpart 1—Teacher Quality Enhancement Grants

"SEC. 211. GRANTS AUTHORIZED.

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

"(b) STATE DESIGNATION.—

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

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

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

"(c) MATCHING REQUIREMENT.—Each State receiving a grant under this subpart shall provide, from non-Federal sources, an amount equal to ½ of the amount of the grant, in cash or in kind, to carry out the activities supported through the grant.

"SEC. 212. USE OF FUNDS.

"A State that receives a grant under this subpart shall use the grant funds to reform teacher preparation requirements, and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

"(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher

preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

"(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that new teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

"(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

"(4) ALTERNATIVE ROUTES.—Funding programs that establish, expand, or improve alternative routes to State certification for highly qualified individuals from other occupations and recent college graduates with records of academic distinction, including support during the initial teaching experience.

"(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to remove teachers who are not qualified.

"(6) INNOVATIVE EFFORTS.—Development and implementation of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas, and in school districts with disproportionately high numbers of limited English proficient students, that may include the recruitment of highly qualified individuals from other occupations through alternative certification programs.

"(7) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

"SEC. 213. COMPETITIVE AWARDS.

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

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

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

"(1) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach; and

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

"SEC. 214. APPLICATIONS.

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

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

"Subpart 2—Teacher Training Partnerships Grants

"SEC. 221. GRANTS AUTHORIZED.

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

"(b) DEFINITIONS.—In this part:

"(1) TEACHER TRAINING PARTNERSHIPS.—

"(A) IN GENERAL.—The term 'teacher training partnership' means a partnership that—

"(i) shall include a school of arts and sciences, a school or program of education, a local educational agency, and a kindergarten through grade 12 school;

"(ii) shall include a high need local educational agency or kindergarten through grade 12 school; and

"(iii) may include a State educational agency, a pre-kindergarten program, a non-

profit educational organization, a business, or a teacher organization.

"(B) HIGH NEED.—A local educational agency or kindergarten through grade 12 school shall be considered high need for purposes of subparagraph (A)(ii) if the agency or school serves an area within a State in which there is—

"(i) a large number of individuals from families with incomes below the poverty line;

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

"(iii) a high teacher turnover rate.

"(2) KINDERGARTEN THROUGH GRADE 12 SCHOOL.—The term 'kindergarten through grade 12 school' means a school having any one of the grades kindergarten through grade 12.

"(c) PRIORITY.—In awarding grants under this subpart the Secretary shall give priority to partnerships that involve businesses.

"(d) CONSIDERATION.—In awarding grants under this subpart the Secretary shall take into consideration—

"(1) providing an equitable geographic distribution of the grants throughout the United States; and

"(2) the proposed project's potential for creating improvement and positive change.

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

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

"SEC. 222. USE OF FUNDS.

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

"(1) coordinate with the activities of the Governor, State board of education, and State educational agency, as appropriate;

"(2) provide sustained and high quality preservice clinical experiences including the mentoring of prospective teachers by veteran teachers;

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

"(A) restructuring curriculum;

"(B) changing core course requirements;

"(C) increasing liberal arts focus;

"(D) providing preparation for board certification; and

"(E) assessing and improving alternative certification, including mentoring and induction support;

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

"(A) faculty at institutions of higher education; and

"(B) new and experienced teachers, principals, and other administrators at elementary schools or secondary schools;

"(5) prepare teachers to use technology effectively in the classroom;

"(6) integrate reliable research-based teaching methods into the curriculum;

"(7) broadly disseminate information on effective practices used by the partnership; and

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

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

"(c) CONSTRUCTION.—Nothing in this part shall be construed to prohibit a teacher training partnership from using grant funds to coordinate with the activities of more than 1 Governor, State board of education, or State educational agency.

"SEC. 223. APPLICATIONS.

"Each teacher training partnership desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

"(1) describe the composition of the partnership and the involvement of each partner in the development of the application;

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

"(3) contain a resource assessment that includes—

"(A) an analysis of resources available to the partnership;

"(B) a description of the intended use of the grant funds;

"(C) a description of how the partnership will coordinate with other teacher training or

professional development programs, including Federal, State, local, private, and other programs;

"(D) a description of how the activities assisted under this subpart are consistent with educational reform activities that promote student achievement; and

"(E) a description of the commitment of the resources of the partnership to the activities assisted under this subpart, including financial support, faculty participation, and time commitments;

"(4) describe how the partnership will include the participation of the schools, colleges, or departments of arts and sciences within an institution of higher education to ensure the integration of teaching techniques and content in teaching preparation;

"(5) describe how the partnership will restructure and improve teaching, teacher training, and development programs, and how such systemic changes will contribute to increased student achievement;

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

"(7) describe how the partnership will prepare teachers to use technology;

"(8) contain a dissemination plan regarding knowledge and information with respect to effective teaching practices, and a description of how such knowledge and information will be implemented in elementary schools or secondary schools as well as institutions of higher education;

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

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

"Subpart 3—General Provisions

"SEC. 231. ACCOUNTABILITY AND EVALUATION.

"(a) TEACHER QUALITY ENHANCEMENT GRANTS.—

"(1) ACCOUNTABILITY REPORT.—A State that receives a grant under subpart 1 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the State, in using funds provided under subpart 1, has made substantial progress in meeting the following goals:

"(A) STUDENT ACHIEVEMENT.—Increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments.

"(B) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

"(C) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the passage rate for initial State teacher certification or licensure, or increasing numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

"(D) CORE ACADEMIC SUBJECTS.—(i) Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

"(I) with academic majors in those areas or in a related field;

"(II) who can demonstrate a high level of competence through rigorous academic subject area tests; or

"(III) who can demonstrate high levels of competence through experience in relevant content areas.

"(ii) Increasing the percentage of elementary school classes taught by teachers—

"(I) with academic majors in the arts and sciences; or

"(II) who can demonstrate high levels of competence through experience in relevant content areas.

"(E) DECREASING SHORTAGES FOR PROFESSIONAL DEVELOPMENT.—Decreasing shortages of qualified teachers in poor urban and rural areas.

"(F) INCREASING OPPORTUNITIES.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach.

"(G) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

"(2) TEACHER QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that benefits from the activities assisted under subpart 1 shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualifications of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall inform parents that the parents are entitled to receive the information upon request.

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

"(1) increased student achievement for all students as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State, or other assessments for a year compared to student

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

"(2) increased teacher retention in the first 3 years of a teacher's career;

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

"(4) increased percentages of secondary school classes taught in core academic subject areas by teachers—

"(A) with academic majors in those areas or in a related field;

"(B) who can demonstrate a high level of competence through rigorous academic subject area tests; and

"(C) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences;

"(5) increased integration of technology in teacher preparation and in classroom instruction;

"(6) restructuring or change of methodology courses to reflect best practices learned from elementary schools, secondary schools or other entities;

"(7) increased dissemination of information about effective teaching strategies and practices; and

"(8) other effects of increased integration among members of the partnership.

"SEC. 232. REVOCATION OF GRANT.

"Each State or teacher training partnership receiving a grant under this part shall report annually on progress toward meeting the purposes of this part, and the goals, objectives and measures described in section 231. If the Secretary, after consultation with the peer review panel described in section 213(b) determines that the State or partnership is not making substantial progress in meeting the purposes, goals, objectives and measures, as appropriate, by the end of the second year of the grant, the grant shall not be continued for the third year of the grant.

"SEC. 233. EVALUATION AND DISSEMINATION.

"The Secretary shall evaluate the activities funded under this part and report the Secretary's findings to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by the States and teacher training partnerships under this part, and shall broadly disseminate information regarding such practices so developed that were found to be ineffective.

"SEC. 234. INTERNATIONAL STUDY AND REPORT.

"(a) STUDY.—The Secretary shall conduct a study through the National Center for Education Statistics regarding the ways teachers are trained and the extent to which teachers in the United States and other comparable countries are teaching in areas other than the teachers' field of study or expertise. The study will examine specific fields and will outline the nature and extent of the problem of out-of-field teaching in the United States and in other countries that are considered comparable to the United States. The study shall include, at a minimum, all the countries that participated in the Third International Mathematics and Science Study (TIMSS).

"(b) REPORT.—The Secretary shall report to Congress regarding the results of the study described in subsection (a).

"SEC. 235. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

"(a) INFORMATION COLLECTION AND PUBLICATION.—

"(1) DEFINITIONS.—

"(A) Within six months of the date of enactment of the Higher Education Amendments of 1998, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions and uniform methods of

calculation for terms related to the performance of elementary school and secondary school teacher preparation programs.

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

"(2) INFORMATION.—

"(A) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—States that receive funds under this Act shall provide to the Secretary, within two years of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in subsection (a)(1), a State report card on the quality of teacher preparation, which shall include at least the following:

"(i) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by each State.

"(ii) The standards and criteria that prospective teachers must meet in order to

attain initial teacher licensing or certification and to be licensed to teach particular subjects or in particular grades within the State.

"(iii) A description of the extent to which those assessments and requirements are aligned with the State's standards and assessments for students.

"(iv) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, and the 'cut score' on each assessment that determines whether a candidate has passed that assessment.

"(v) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, disaggregated by the teacher preparation program in that State from which the teacher candidate received his or her most recent degree. States shall make these data available widely and publicly.

"(vi) Information on the extent to which teachers in the State have been given waivers of State licensure or certification

requirements, including the proportion of such teachers distributed across high and low poverty districts and across subject areas.

"(vii) A description of each State's alternative routes to teacher certification, if any, and the percentage of teachers certified through alternative certification routes who pass State licensing assessments.

"(viii) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education, including but not limited to indicators of teacher candidate knowledge and skills as described in subsection (b)(1)(A).

"(B) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—The Secretary shall publish annually and make widely available a report card on teacher qualifications and preparation in the United States, including all the information reported in subparagraphs (A) (i)–(viii), beginning three years after enactment of the Higher Education Amendments of 1998. The Secretary shall report to Congress a

comparison of States' efforts to improve teaching quality. The Secretary shall also report on the national mean and median scores on any standardized test that is used in more than one State for teacher licensure or certification. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

"(C) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving Federal assistance shall, not later than two years after the enactment of the Higher Education Amendments of 1998, and annually thereafter, report, in a uniform and comprehensible manner, the following information to the State, and the general public, including through publications such as course catalogues and promotional materials sent to potential applicants, high school guidance counselors, and prospective

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

"(i) For the most recent year for which the information is available, the passing rate of its graduates on the teacher certification and licensure assessments of the State in which it is located, but only for those students who took those assessments within three years of completing the program. A comparison of the program's pass rate with the State average pass rate shall be included as well. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

"(ii) The number of students in the program, the average number of hours of supervised practice teaching required for those

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

"(iii) In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

"(iv) Whether the program has been designated as low-performing by the State under subsection (b)(1)(B).

In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on a teacher preparation program for failure to provide the information described in subsection (a)(2)(B) in a timely or accurate manner.

"(b) ACCOUNTABILITY.—

"(1) States receiving funding under this Act, shall develop and implement, no later than three years after enactment of the Higher Education Amendments of 1998, the following teacher preparation program accountability measures and publish the measures publicly and widely:

"(A) A description of State criteria for identifying low-performing teacher preparation programs which may include a baseline pass

rate on State licensing assessments and other indicators of teacher candidate knowledge and skill. States that do not employ assessments as part of their criteria for licensing or certification are not required to meet this criterion until such time as the State initiates the use of such assessments.

"(B) Procedures for identifying low-performing teacher preparation programs based on the criteria developed by the State as required by subsection (b)(1)(A), and publish a list of those programs.

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

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

"(A) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

"(B) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in its teacher preparation program.

"SEC. 236. AUTHORIZATION OF APPROPRIATIONS.

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

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

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

"PART B—RECRUITING NEW TEACHERS FOR UNDERSERVED AREAS

"SEC. 251. STATEMENT OF PURPOSE.

"It is the purpose of this part to—

"(1) provide scholarships and, as necessary, support services for students with high potential to become effective teachers, particularly minority students;

"(2) increase the quality and number of new teachers nationally; and

"(3) increase the ability of schools in underserved areas to recruit a qualified teaching staff.

"SEC. 252. DEFINITIONS.

"In this part—

"(1) ELIGIBLE PARTNERSHIP.—

"(A) IN GENERAL.—The term 'eligible partnership' means a partnership consisting of—

"(i) an institution of higher education that awards baccalaureate degrees and prepares teachers for their initial entry into the teaching profession; and

"(ii) one or more local educational agencies that serve underserved areas.

"(B) ADDITIONAL PARTNERS.—Such a partnership may also include—

"(i) 2-year institutions of higher education that operate teacher preparation programs and maintain articulation agreements, with the institutions of higher education that award baccalaureate degrees for the transfer of credits in teacher preparation;

"(ii) State agencies that have responsibility for policies related to teacher prepa-

ration and teacher certification or licensure; and

"(iii) other public and private, non-profit agencies and organizations that serve, or are located in, communities served by the local educational agencies in the partnership, and that have an interest in teacher recruitment, preparation, and induction.

"(2) SUPPORT SERVICES.—The term 'support services' means—

"(A) academic advice and counseling;

"(B) tutorial services;

"(C) mentoring; and

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

"(3) UNDERSERVED AREA.—The term 'underserved area' means—

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

"(B) the area served by any other local educational agency in which the percentage of such

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

"SEC. 253. GRANT AUTHORITY AND CONDITIONS.

"(a) GRANTS AUTHORIZED.—

"(1) GRANTS.—

"(A) IN GENERAL.—From amounts appropriated under section 262 the Secretary shall award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the cost of carrying out the activities described in section 255.

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

"(2) CONTINUING ELIGIBILITY; REVIEW OF PROGRESS.—The Secretary shall—

"(A) continue to make grant payments for the second and succeeding years of a grant awarded under this part, only after determining that the eligible partnership is making satisfactory progress in carrying out the activities under the grant; and

"(B) conduct an intensive review of the eligible partnerships's progress under the grant, with the assistance of outside experts, before

making grant payments for the fourth year of the grant.

"(3) MAXIMUM NUMBER.—No eligible partnership may receive more than 2 grants under this subsection.

"(b) MATCHING REQUIREMENT.—

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

"(A) 70 percent of the cost in the first year of the grant;

"(B) 60 percent in the second year;

"(C) 60 percent in the third year;

"(D) 50 percent in the fourth year; and

"(E) 50 percent in the fifth year and any succeeding year (including each year of the second grant, if any).

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

"(c) PLANNING GRANTS.—

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

"(2) DURATION.—Each planning grant shall be for a period of not more than 1 year, which shall be in addition to the period of any grant under subsection (a).

"(3) REQUIREMENT.—Any recipient of a planning grant under this subsection that wishes to receive a grant under subsection (a)(1) shall separately apply for a grant under that subsection.

"SEC. 254. GRANT APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—Any eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

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

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

"(2) information on the quality of the teacher preparation program of the institution of higher education participating in the eligible partnership and

how the eligible partnership will ensure, through improvements in the eligible partnership's teacher preparation practices or other appropriate strategies, that scholarship recipients will receive high-quality preparation;

"(3) a description of the assessment the members of the eligible partnership have undertaken—

"(A) to determine—

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

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

"(B) that reflects the input of all significant entities in the community (including organizations representing teachers and parents) that have an interest in teacher recruitment, preparation, and induction;

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

"(A) the recruitment and outreach efforts the eligible partnership will undertake to publicize the availability of scholarships and other assistance under the program;

"(B)(i) the number and types of students that the eligible partnership will serve under the program, which may include education paraprofessionals seeking to achieve full teacher certification or licensure; teachers whom the partner local educational agencies have hired under emergency certification or licensure procedures; or former military personnel, mid-career professionals, or AmeriCorps or Peace Corps volunteers, who desire to enter teaching; and

"(ii) the criteria that the eligible partnership will use in selecting the students, including criteria to determine whether individuals have the capacity to benefit from the program, complete teacher certification requirements, and become effective teachers;

"(C) the activities the eligible partnership will carry out under the grant, including a description of, and justification for, any support services the institution of higher education par-

ticipating in the eligible partnership will offer to participating students;

"(D) the number and funding range of the scholarships the institution will provide to students; and

"(E) the procedures the institution will establish for entering into, and enforcing, agreements with scholarship recipients regarding the recipients' fulfillment of the service commitment described in section 259;

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

"(A) to increase the number of students—

"(i) with high potential to be effective teachers;

"(ii) participating in the institution's teacher preparation programs; or

"(iii) in the particular type or types of preparation programs that the grant will support; or

"(B) to increase the number of graduates, who are minority individuals, with high potential to be effective teachers;

"(6) a description of the commitments, by the local educational agencies participating in the part-

nership, to hire qualified scholarship recipients in the schools served by the agencies and in the subject areas or grade levels for which the scholarship recipients will be trained, and a description of the actions the participating institution of higher education, the participating local educational agencies, and the other partners will take to facilitate the successful transition of the recipients into teaching; and

"(7) a description of the eligible partnership's plan for institutionalizing the activities the partnership is carrying out under this part, so that the activities will continue once Federal funding ceases.

"SEC. 255. USES OF FUNDS.

"(a) IN GENERAL.—Each eligible partnership receiving a grant under section 523(a) shall use the grant funds for the following:

"(1) SCHOLARSHIPS.—Scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program.

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

"(3) FOLLOWUP SERVICES.—Followup services provided to former scholarship recipients during the recipients' first 3 years of teaching.

"(4) PAYMENTS.—Payments to partner local educational agencies, if needed to enable the agencies to permit paraprofessional staff to participate in teacher preparation programs (such as the cost of release time for the staff).

"(5) ADDITIONAL COURSES.—If appropriate, and if no other funds are available for, paying the costs of additional courses taken by former scholarship recipients during the recipients' initial 3 years of teaching.

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

"SEC. 256. SELECTION OF APPLICANTS.

"(a) PEER REVIEW.—The Secretary, using a peer review process, shall select eligible partnerships to receive funding under this part on the basis of—

"(1) the quality of the teacher preparation program offered by the institution participating in the partnership;

"(2) the quality of the program carried out under the application; and

"(3) the capacity of the partnership to carry out the grant successfully.

"(b) CRITERIA.—

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

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

"(B) there is an equitable geographic distribution of the grants.

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

"(A) applications most likely to result in the preparation of increased numbers of individuals with high potential for effective teaching who are minority individuals;

"(B) applications from partnerships that have as members of the partnerships historically Black colleges and universities, Hispanic-serving institutions, and Tribal Colleges and Universities; or

"(C) applications from partnerships that propose to carry out programs that use innovative means, including technology, to recruit for participation in the activities assisted under the programs students who are Native Hawaiian, Alaska Native, or Native American Pacific Islander.

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

"(1) the placement and retention of a substantial number of high-quality graduates in teaching positions in underserved, high-poverty schools;

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

"(3) effective partnerships with elementary schools and secondary schools that are supporting improvements in student achievement.

"SEC. 257. DURATION AND AMOUNT OF ASSISTANCE; RELATION TO OTHER ASSISTANCE.

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

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

"(2) unless that individual satisfies the requirements of section 484(a)(5).

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

"(c) RELATION TO OTHER ASSISTANCE.—A scholarship awarded under this part—

"(1) shall not be reduced on the basis of the individual's receipt of other forms of Federal student financial assistance; and

"(2) shall be regarded as other financial assistance available to the student, within the meaning of sections 471(3) and 480(j)(1), in determining the student's eligibility for grant, loan, or work assistance under title IV.

"SEC. 258. SCHOLARSHIP CONDITIONS.

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

"(1) enrolled as a full-time student and pursuing a course of study leading to teacher certification, unless the recipient is working in a public school (as a

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

"(2) maintaining satisfactory progress as determined by the institution of higher education participating in the partnership.

"(b) SPECIAL RULE. Each eligible partnership shall modify the application of section 257(a)(1) and of subsection (a)(1) to the extent necessary to accommodate the rights of individuals with disabilities under section 504 of the Rehabilitation Act of 1973.

"SEC. 259. SERVICE REQUIREMENTS.

"(a) REQUIREMENT.—Each eligible partnership receiving a grant under this part shall enter into an agreement, with each student to whom the partnership awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within 7 years of completing that program, teach full-time for at least 5 years in a high-poverty school in an underserved geographic area or repay the amount of the scholarship, under the terms and conditions established by the Secretary.

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

"SEC. 260. EVALUATION.

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

"(1) whether institutions participating in the eligible partnerships are successful in preparing scholarship recipients to teach to high State and local standards;

"(2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether the recipients continue teaching in those areas over a period of years;

"(3) the national impact of the program in assisting local educational agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which the agencies have the greatest needs;

"(4) the long-term impact of the grants on teacher preparation programs conducted by institutions of higher education participating in the eligible partnership and on the institutions' relationships with their partner local educational agencies and other members of the partnership; and

"(5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

"SEC. 261. NATIONAL ACTIVITIES.

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

"(1) peer review of applications;

"(2) conducting the evaluation required under section 260; and

"(3) technical assistance.

"SEC. 262. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $37,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

TITLE III—INSTITUTIONAL AID

SEC. 301. TRANSFERS AND REDESIGNATIONS.

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

(1) by redesignating part D as part F;

(2) by redesignating sections 351, 352, 353, 354, 356, 357, 358, and 360 (20 U.S.C. 1066, 1067, 1068,

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

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

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

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

(6) by inserting after part D of title III (as redesignated by paragraph (3)) the following:

*"**PART E—MINORITY SCIENCE IMPROVEMENT PROGRAM**";*

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

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

(b) CONFORMING AMENDMENT.—Section 361 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d) is amended—

(1) in paragraph (1), by inserting "and" after the semicolon;

(2) in paragraph (2), by striking "; and" and inserting a period; and

(3) by striking paragraph (3).

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

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

(2) in section 312 (20 U.S.C. 1058)—

(A) in subsection (b)(1)(B), by striking "352(b)" and inserting "392(b)"; and

(B) in subsection (c)(2), by striking "352(a)" and inserting "392(a)";

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

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

(A) in paragraph (3), by striking "723(b)" and inserting "343(b)";

(B) in paragraph (4), by striking "723" and inserting "343";

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

(D) in paragraph (8), by striking "725(1)" and inserting "345(1)"; and

(E) in paragraph (9), by striking "727" and inserting "347";

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

(A) in subsection (a), by striking "724" and inserting "344"; and

(B) in subsection (b)—

(i) in the matter preceding paragraph (1), by striking "725(1) and 726" and inserting "345(1) and 346";

(ii) in paragraph (10), by striking "724" and inserting "344"; and

(iii) in subsection (d), by striking "723(c)(1)" and inserting "343(c)(1)";

(6) in section 345(2) (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–4(2)), by striking "723" and inserting "343";

(7) in section 348 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–7), by striking "725(1)" and inserting "345(1)";

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

(A) in paragraph (1), by striking "1046(6)" and inserting "365(6)";

(B) in paragraph (2), by striking "1046(7)" and inserting "365(7)";

(C) in paragraph (3), by striking "1046(8)" and inserting "365(8)"; and

(D) in paragraph (4), by striking "1046(9)" and inserting "365(9)";

(9) in section 361(1) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d(1)), by striking "1046(3)" and inserting "365(3)";

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

(A) in the matter preceding paragraph (1), by striking "1041" and inserting "361"; and

(B) in paragraph (1), by striking "1021(b)" and inserting "351(b)"; and

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

SEC. 302. FINDINGS.

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

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

(2) by inserting after paragraph (2) the following:

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

SEC. 303. STRENGTHENING INSTITUTIONS.

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

(1) in subsection (b)(3)(D), by inserting ", including high technology equipment," after "equipment"; and

(2) by adding at the end the following:

"(c) ENDOWMENT FUND.—

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

"(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds

used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

"(3) COMPARABILITY.—The provisions of part C, regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).".

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

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

(c) AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.—Section 316 (20 U.S.C. 1059c) is amended to read as follows:

"SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

"(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

"(b) DEFINITIONS.—In this section:

"(1) INDIAN.—The term 'Indian' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

"(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

"(3) TRIBAL COLLEGE OR UNIVERSITY.—The term 'Tribal College or University' has the meaning give the term 'tribally controlled college or university' in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

"(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 1201(a), except that paragraph (2) of such section shall not apply.

"(c) AUTHORIZED ACTIVITIES.—

"(1) IN GENERAL.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out activities to improve and expand such institutions' capacity to serve Indian students.

"(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

"(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

"(C) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction;

"(D) academic instruction in disciplines in which American Indians are underrepresented;

"(E) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

"(F) tutoring, counseling, and student service programs designed to improve academic success;

"(G) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

"(H) joint use of facilities, such as laboratories and libraries;

"(I) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

"(J) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

"(K) establishing community outreach programs that encourage American Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education;

"(L) other activities proposed in the application submitted pursuant to subsection (d) that—

"(i) contribute to carrying out the activities described in subparagraphs (A) through (K); and

"(ii) are approved by the Secretary as part of the review and acceptance of such application.

"(3) ENDOWMENT FUND.—

"(A) IN GENERAL.—A Tribal College or University may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

"(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Tribal College or University shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

"(C) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

"(d) APPLICATION PROCESS.—

"(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an institution that—

"(A) is an eligible institution under section 312(b);

"(B) is eligible to receive assistance under the Tribally Controlled College or University Assistance Act of 1978; or

"(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

"(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

"(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

"(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraph (A) or (B) of paragraph (1).

"(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.".

(d) ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.—Part A of title III (20 U.S.C. 1057 et seq.) is amended by adding at the end the following:

"SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

"(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Alaska Native-serving institutions and Native Hawaiian-serving institutions to enable such institutions to improve and expand their capacity to serve Alaska Natives and Native Hawaiians.

"(b) DEFINITIONS.—For the purpose of this section—

"(1) the term 'Alaska Native' has the meaning given the term in section 9308 of the Elementary and Secondary Education Act of 1965;

"(2) the term 'Alaska Native-serving institution' means an institution of higher education that—

"(A) is an eligible institution under section 312(b); and

"(B) at the time of application, has an enrollment of undergraduate students that is at least 20 percent Alaska Native students;

"(3) the term 'Native Hawaiian' has the meaning given the term in section 9212 of the Elementary and Secondary Education Act of 1965; and

"(4) the term 'Native Hawaiian-serving institution' means an institution of higher education which—

"(A) is an eligible institution under section 312(b); and

"(B) at the time of application, has an enrollment of undergraduate students that is at least 10 percent Native Hawaiian students.

"(c) AUTHORIZED ACTIVITIES.—

"(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Alaska Native-serving institutions and Native Hawaiian-serving institutions to assist such institutions to plan, develop, undertake, and carry out programs.

"(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

"(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

"(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(D) curriculum development and academic instruction;

"(E) purchase of library books, periodicals, microfilm, and other educational materials;

"(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

"(G) joint use of facilities such as laboratories and libraries; and

"(H) academic tutoring and counseling programs and student support services.

"(d) APPLICATION PROCESS.—

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

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

"(2) APPLICATIONS.—Any institution which is determined by the Secretary to be an Alaska Native-serving institution or a Native Hawaiian-serving institution may submit an application for assistance under this section to the Secretary. Such application shall include—

"(A) a 5-year plan for improving the assistance provided by the Alaska Native-serving institution or the Native Hawaiian-serving institution to Alaska Native or Native Hawaiian students; and

"(B) such other information and assurance as the Secretary may require.

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

SEC. 304. STRENGTHENING HBCU's.

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

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

"(b) ENDOWMENT FUND.—

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

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

"(3) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).".

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

(1) in subsection (a)—

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

(B) by adding at the end of paragraph (2) the following: "If a grant of less than $1,000,000 is made under this section, matching funds provided from non-Federal sources are not required. If a grant equal to or in excess of $1,000,000 is made under this section, matching funds provided from non-Federal sources are required only with respect to the amount of the grant that exceeds $1,000,000."; and

(2) in subsection (d)(2), by striking "$500,000" and inserting "$1,000,000".

(3) in subsection (e)(1)—

(A) in subparagraph (E), by inserting ", and any Tuskegee University qualified graduate program" before the semicolon;

(B) in subparagraph (F), by inserting ", and any Xavier University qualified graduate program" before the semicolon;

(C) in subparagraph (G), by inserting ", and any Southern University qualified graduate program" before the semicolon;

(D) in subparagraph (H), by inserting ", and any Texas Southern University qualified graduate program" before the semicolon;

(E) in subparagraph (I), by inserting ", and any Florida A&M University qualified graduate program" before the semicolon;

(F) in subparagraph (J), by inserting ", and any North Carolina Central University qualified graduate program" before the semicolon;

(G) in subparagraph (O), by striking "and" after the semicolon.

(H) in subparagraph (P)—

(i) by inserting "University" after "State"; and

(ii) by striking the period and inserting a semicolon; and

(I) by adding at the end the following:

"(Q) Norfolk State University qualified graduate program; and

"(R) Tennessee State University qualified graduate program.";

(4) in subsection (f)—

(A) in paragraph (1), by striking "$12,000,000" and inserting "$15,000,000";

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "$12,000,000" and inserting "$15,000,000 but not in excess of $28,000,000";

(ii) in subparagraph (A), by striking "$500,000" and inserting "$1,000,000"; and

(iii) in subparagraph (B)—

(I) by striking "(A) through (P)" and inserting "(Q) and (R)"; and

(II) by striking the period and inserting "; and

(C) by adding at the end the following:

"(3) any amount appropriated in excess of $28,000,000 shall be available for the purpose of making grants to institutions or programs described in subparagraphs (A) through (R), on a competitive basis and through a peer review process that takes into consideration—

"(A) the ability of the institution to match Federal funds with non-Federal funds;

"(B) the number of students enrolled in the institution or program for which funds are sought;

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

"(D) the percentage of students enrolled in the institution or program for which funds are sought who complete their degrees within a reasonable period of time as determined by the Secretary; and

"(E) the quality of the proposal."; and

(5) by adding at the end the following:

"(g) SPECIAL RULE.—No institution or program described in subsection (e)(1) that received a grant under this section for fiscal year 1998 and that is eligible to receive a grant under this section in a subsequent fiscal year shall receive a grant under this section in any subsequent fiscal year in an amount that is less than the grant amount received for fiscal year 1996 or 1997, whichever is greater, unless—

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

"(2) the institution or program cannot provide sufficient matching funds to meet the requirements of this section.".

SEC. 305. ENDOWMENT CHALLENGE GRANTS.

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

"(B) The Secretary may make a grant under this part to an eligible institution in any fiscal year if the institution—

"(i) applies for a grant in an amount not exceeding $500,000; and

"(ii) has deposited in the eligible institution's endowment fund established under this section an amount which is equal to ½ of the amount of such grant.

"(C) An eligible institution of higher education that is awarded a grant under subparagraph (B) shall not be eligible to receive an additional grant under subparagraph (B) until 10 years after the date on which the grant period terminates.".

SEC. 306. HBCU CAPITAL FINANCING.

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

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

(2) by inserting after subparagraph (A) the following:

"(B) a facility for the administration of an educational program, or a student center or student union, except that not more than 5 percent of the loan proceeds provided under this part may be used for the facility, center or union if the facility, center or union is owned, leased, managed, or operated by a private business, that, in return for such use, makes a payment to the eligible institution;";

(3) by inserting after subparagraph (C) (as redesignated by paragraph (1)) the following:

"(D) a maintenance, storage, or utility facility that is essential to the operation of a facility, a library, a dormitory, equipment, instrumentation, a fixture, real property or an interest therein, described in this paragraph;

"(E) a facility designed to provide primarily outpatient health care for students or faculty;"; and

(4) in subparagraph (G) (as redesignated by paragraph (2)), by striking "(C)" and inserting "(F)".

(b) FULL FAITH AND CREDIT.—Section 343 (as redesignated by section 301(a)(4)) (20 U.S.C. 1132c–2) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of law, the Secretary may sell a qualified bond guaranteed under this part to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.".

SEC. 307. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM.

(a) MINORITY SCIENCE IMPROVEMENT PROGRAM FINDINGS.—Subpart 1 of part E of title III (as redesignated by paragraphs (6) and (7) of section 301) (20 U.S.C. 1135b et seq.) is amended by inserting after the subpart heading the following:

"SEC. 350. FINDINGS.

"Congress makes the following findings:

"(1) It is incumbent on the Federal Government to support the technological and economic competitiveness of the United States by improving and expanding the scientific and technological capacity of the United States. More and better prepared scientists, engineers, and technical experts are needed to improve and expand such capacity.

"(2) As the Nation's population becomes more diverse, it is important that the educational and training needs of all Americans are met. Underrepresentation of minorities in science and technological fields diminishes our Nation's competitiveness by im-

pairing the quantity of well prepared scientists, engineers, and technical experts in these fields.

"(3) Despite significant limitations in resources, minority institutions provide an important educational opportunity for minority students, particularly in science and engineering fields. Aid to minority institutions is a good way to address the underrepresentation of minorities in science and technological fields.

"(4) There is a strong Federal interest in improving science and engineering programs at minority institutions as such programs lag behind in program offerings and in student enrollment compared to such programs at other institutions of higher education.".

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

SEC. 308. GENERAL PROVISIONS.

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

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

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

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

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

(1) in paragraph (1)—

(A) in subparagraph (A), by striking "1993" and inserting "1999";

(B) in subparagraph (B)—

(i) in clause (i), by striking "$45,000,000 for fiscal year 1993" and inserting "$5,000,000 for fiscal year 1999";

(ii) by striking clause (ii); and

(iii) by striking "(B)(i) There" and inserting "(B) There"; and

(C) by adding at the end the following:

"(C) There are authorized to be appropriated to carry out section 317, $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.";

(2) in paragraph (2)—

(A) in subparagraph (A), by striking "1993" and inserting "1999"; and

(B) in subparagraph (B), by striking "$20,000,000 for fiscal year 1993" and inserting "$30,000,000 for fiscal year 1999";

(3) in paragraph (3), by striking "$50,000,000 for fiscal year 1993" and inserting "$10,000,000 for fiscal year 1999"; and

(4) by adding at the end the following:

"(4) PART D.—There are authorized to be appropriated to carry out part D, $110,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(5) PART E.—There are authorized to be appropriated to carry out part E, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

TITLE IV—STUDENT ASSISTANCE

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

SEC. 411. REPEALS AND REDESIGNATIONS.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended—

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

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

SEC. 412. FEDERAL PELL GRANTS.

*(a) AMENDMENT TO SUBPART HEADING.—The heading for subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by striking "**Basic Educational Opportunity Grants**" and inserting "**Federal Pell Grants**".*

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

*(1) in the section heading, by striking "**BASIC EDUCATIONAL OPPORTUNITY GRANTS**" and inserting "**FEDERAL PELL GRANTS**";*

(2) in subsection (a)(1)—

(A) in the first sentence, by striking "shall, during the period beginning July 1, 1972, and ending September 30, 1998," and inserting ", for each fiscal year through fiscal year 2004, shall"; and

(B) in the second sentence, by inserting "until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment sys-

tem that provides payments to institutions in an accurate and timely manner," after "pay eligible students";

(3) in subsection (b)—

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

"(i) $5,000 for academic year 1999–2000;

"(ii) $5,200 for academic year 2000–2001;

"(iii) $5,400 for academic year 2001–2002;

"(iv) $5,600 for academic year 2002–2003; and

"(v) $5,800 for academic year 2003–2004.";

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

"(3) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—

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

"(B) the lesser of—

"(i) the remaining one-half of such excess; or

"(ii) the sum of the student's tuition, fees, and if the student has dependent care expenses (as described in section 472(8) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.";

(C) in paragraph (5), by striking "$400, except" and all that follows through "grant of $400" and insert "$200"; and

(D) in paragraph (6)—

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

(ii) by inserting "(A)" after the paragraph designation; and

(iii) by adding at the end the following:

"(B) The Secretary shall promulgate regulations implementing this paragraph."; and

(4) in subsection (c)—

(A) by amending paragraph (1) to read as follows: "(1)(A) Except as provided in subparagraph (B), the period during which a student may receive a basic grant shall be the period, re-

quired for the completion of the first undergraduate baccalaureate course of study pursued by the student at the institution at which the student is in attendance, that does not exceed 150 percent of the period normally required by a full-time student (or the equivalent period, in the case of a part-time student) to complete the course of study at the institution, as determined by the institution.

"(B)(i) A student may receive basic grants under this subpart for a period that exceeds the period described in subparagraph (A) or clause (ii) to the extent the institution in which the student is enrolled determines necessary to accommodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973.

"(ii) Notwithstanding subsection (a)(1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

"(I) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

"(II) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this subparagraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education."; and

(B) in paragraph (2)—

(i) by striking "Nothing" and inserting "(A) Except as provided in subparagraph (B), nothing";

(ii) by striking "or, in the case" and all that follows through "or skills"; and

(iii) by adding at the end the following:

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

"(I) not less than a minimum percentage of the students enrolled in the course complete the course;

"(II) students enrolled in the course are required to take an independently administered standardized test of English language proficiency upon completion of the course; and

"(III) not less than a minimum percentage of the students enrolled in the course achieve a passing score on that test.

"(ii) The Secretary shall promulgate regulations that specify the minimum percentage of students who complete the course of instruction, 1 or more standardized tests of English proficiency, the minimum percentage of students who must achieve a passing score on the tests, and such other requirements as the Secretary determines are necessary to implement clause (i).".

SEC. 413. TRIO PROGRAMS.

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

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking "$170,000 for fiscal year 1993" and inserting "$190,000 for each fiscal year";

(B) in subparagraph (B), by striking "$180,000 for fiscal year 1994" and inserting "$200,000 for each fiscal year"; and

(C) in subparagraph (C), by striking "$190,000 for fiscal year 1995" and inserting "$210,000 for each fiscal year";

(2) in subsection (c)(6), by amending the last sentence to read as follows: "The Secretary shall permit a Director of a program assisted under this chapter to also administer 1 or more additional programs for disadvantaged students operated by the sponsoring entity regardless of the funding source of such additional program.";

(3) in subsection (f), by striking "$650,000,000 for fiscal year 1993" and inserting "$700,000,000 for fiscal year 1999"; and

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

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

cation of the service requirements to a veteran will defeat the purpose of a program under this chapter.".

(b) TALENT SEARCH.—(1) AMENDMENT TO SECTION 402B(b)(5).—Section 402B(b)(5) (20 U.S.C. 1070a–12(b)(5)) is amended by inserting ", or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented" before the semicolon.

(2) AMENDMENT TO SECTION 402B(b)(9).—Section 402B(b)(9) (20 U.S.C. 1070a–12(b)(9)) is amended by inserting "or counselors" after "teachers".

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

(1) in subsection (b)—

(A) in paragraph (9)—

(i) by inserting "or counselors" after "teachers"; and

(ii) by striking "and" after the semicolon;

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

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

"(10) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree; and"; and

(D) in paragraph (11) (as redesignated by subparagraph (B)), by striking "(9)" and inserting "(10)"; and

(2) in subsection (e), by striking "and not in excess of $40 per month during the remaining period of the year." and inserting "except that youth participating in a work-study position under subsection (b)(10) may be paid a stipend of $300 per month during June, July, and August. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $40 per month during the remaining period of the year.".

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

"(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

"(A) providing sufficient financial assistance to meet the full financial need of each student at the institution; and

"(B) maintaining the loan burden of each such student at a manageable level.".

(e) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(a) (20 U.S.C. 1070a–17(a)) is amended by inserting "participating in," after "leadership personnel employed in,".

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

"SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.

"(a) EVALUATIONS.—

"(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this subpart, the Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this subpart.

"(2) PRACTICES.—The evaluations described in paragraph (1) shall identify institutional, community, and program or project practices that are particularly effective in enhancing the access of low-income individuals and first-generation college students

to postsecondary education, the preparation of the individuals and students for postsecondary education, and the success of the individuals and students in postsecondary education.

"(b) GRANTS.—The Secretary may award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out a program or project assisted under this subpart prior to the date of enactment of the Higher Education Amendments of 1998, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations, that are not receiving assistance under this subpart and are serving low-income students and first generation college students, in order to—

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

"(2) provide technical assistance regarding programs and projects assisted under this subpart.

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

secondary access for and retention of low-income individuals and first-generation college students.".

SEC. 414. CONNECTIONS PROGRAM.

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

"CHAPTER 2—CONNECTIONS PROGRAM

"SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.

"(a) IN GENERAL.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

"(1) encourages eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary school diploma (or its recognized equivalent), of the financial assistance necessary to permit the students to attend an institution of higher education; and

"(2) supports eligible entities in providing—

"(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle, and secondary school students who are at risk of dropping out of school; and

"(B) information to students and their parents about the advantages of obtaining a post-

secondary education and their college financing options.

"(b) AWARDS.—

"(1) IN GENERAL.—The Secretary may award grants to eligible entities to carry out the program authorized under subsection (a).

"(2) PRIORITY.—In making the awards described in paragraph (1), the Secretary shall—

"(A) give priority to eligible entities that—

"(i) carried out, prior to the date of enactment of the Higher Education Amendments of 1998, successful educational opportunity programs; and

"(ii) have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies; and

"(B) ensure that students served under this chapter prior to the date of enactment of the Higher Education Amendments of 1998 continue to receive service through the completion of secondary school.

"(c) DEFINITIONS.—For the purposes of this chapter, the term 'eligible entity' means—

"(1) a State; or

"(2) a partnership consisting of—

"(A) 1 or more local educational agencies acting on behalf of—

"(i) 1 or more public schools; and

"(ii) the public secondary schools that students from the schools described in clause (i) would normally attend;

"(B) 1 or more degree granting institutions of higher education; and

"(C) at least 2 community organizations or entities, such as businesses, professional associations, community-based organizations, philanthropic organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.

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

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

"(2) related services under other Federal or non-Federal programs.

"SEC. 404B. ELIGIBILITY ENTITY PLANS.

"(a) PLAN REQUIRED FOR ELIGIBILITY.—

"(1) IN GENERAL.—In order for an eligible entity to qualify for a grant under this chapter, the eligible entity shall submit to the Secretary a plan for carrying out the program under this chapter. Such plan shall provide for the conduct of both a scholarship component in accordance with section 404D and an early intervention component in accordance with section 404C.

"(2) CONTENTS.—Each plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation. Each such plan shall—

"(A) describe the activities for which assistance under this chapter is sought; and

"(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter.

"(b) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—The Secretary shall not approve a plan submitted under subsection (a) unless such plan—

"(A) provides that the eligible entity will provide, from State, local, institutional, or pri-

vate funds, not less than ½ the cost of the program, which matching funds may be provided in cash or in kind;

"(B) specifies the methods by which such share of the costs will be paid; and

"(C) includes provisions designed to ensure that funds provided under this chapter shall supplement and not supplant funds expended for existing programs.

"(2) SPECIAL RULE.—The Secretary may change the share of the costs required to be provided under paragraph (1)(A) for eligible entities defined in section 402A(c)(2).

"(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—An eligible entity may count toward the share of the costs required by subsection (b)(1)(A)—

"(1) the amount of the grants paid to students from State, local, institutional, or private funds under this chapter;

"(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants under this chapter; and

"(3) the amount expended on documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of nonschool organizations,

including businesses, religious organizations, community groups, postsecondary educational institutions, nonprofit and philanthropic organizations, and other organizations.

"(d) COHORT APPROACH.—

"(1) IN GENERAL.—The Secretary may require that eligible entities—

"(A) provide services under this chapter to at least 1 grade level of students, beginning not later than 7th grade, in a participating public school that has a 7th grade and in which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch (or, if an eligible entity determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937); and

"(B) ensure that the services are provided through the 12th grade to students in the participating grade level.

"(2) COORDINATION REQUIREMENT.—In order for the Secretary to require the cohort approach described in paragraph (1), the Secretary shall, where

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

"SEC. 404C. EARLY INTERVENTION.

"(a) SERVICES.—

"(1) In order to receive a grant under this chapter, an eligible entity shall demonstrate to the satisfaction of the Secretary, in the plan submitted under section 404B, that the eligible entity will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this chapter who are enrolled in any of the grades preschool through grade 12. Such counseling shall include financial aid counseling that provides—

"(A) information regarding the opportunities for financial assistance under this title; and

"(B) activities or information regarding—

"(i) fostering and improving parent involvement in promoting postsecondary information regarding the advantages of a college education, academic admission requirements, and the need to take college preparation courses;

"(ii) admissions and achievement tests; and

"(iii) application procedures.

"(2) METHODS.—The eligible entity shall demonstrate in such plan, pursuant to regulations of the Secretary, the methods by which the eligible entity will target services on priority students.

"(b) USES OF FUNDS.—

"(1) IN GENERAL.—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a).

"(2) ALLOWABLE PROVIDERS.—For those eligible entities defined in section 404A(c)(1), the activities required by subsection (a) may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the State deems appropriate.

"(3) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

"(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

"(i) is coordinated with the Federal and State community service initiatives; and

"(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring, and academic counseling.

"(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each State.

"(C) Activities designed to ensure secondary school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, as-

sistance in obtaining summer jobs, academic counseling, volunteer and parent involvement, providing former or current scholarship recipients as mentor or peer counselors, skills assessment, providing access to rigorous core courses that reflect challenging academic standards, personal counseling, family counseling and home visits, staff development, and programs and activities described in this subparagraph that are specially designed for students of limited English proficiency.

"(D) Summer programs for individuals planning to attend an institution of higher education in the next academic year that—

"(i) are carried out at an institution of higher education that also has programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

"(ii) provide for the participation of the individuals who are eligible for assistance under section 402D or who are eligible

for comparable programs funded by the State;

"(iii)(I) provide summer instruction in remedial, developmental or supportive courses;

"(II) provide such summer services as counseling, tutoring, or orientation; and

"(III) provide grant aid to the individuals to cover the individuals' summer costs for books, supplies, living costs, and personal expenses; and

"(iv) provide the individuals with financial aid during each academic year the individuals are enrolled at the participating institution after the summer program.

"(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purposes of this section.

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

"(1) to be counted under section 1005(c) of the Elementary and Secondary Education Act of 1965;

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

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

"SEC. 404D. SCHOLARSHIP COMPONENT.

"(a) IN GENERAL.—

"(1) STATES.—In order to receive a grant under this chapter, an eligible entity described in section 404A(c)(1) shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the eligible entity to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any institution of higher education.

"(2) PARTNERSHIPS.—An eligible entity described in section 404A(c)(2) may award scholarships to eligible students.

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

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

struction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

"(2) the maximum Federal Pell Grant funded under section 401 for such fiscal year.

"(c) RELATION TO OTHER ASSISTANCE.—Tuition assistance provided under this chapter shall not be considered for the purpose of awarding Federal grant assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed such student's total cost of attendance.

"(d) ELIGIBLE STUDENTS.—A student eligible for assistance under this section is a student who—

"(1) is less than 22 years old at time of first grant award under this section;

"(2) receives a secondary school diploma or its recognized equivalent on or after January 1, 1993;

"(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries, except that, at the State's option, an eligible entity may offer grant program portability for recipients who attend institutions of higher education outside such State; and

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

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

"(f) SPECIAL RULE.—An eligible entity may consider students who have successfully participated in programs funded under chapter 1 of this subpart to have met the requirements of subsection (d)(4).

"SEC. 404E. 21ST CENTURY SCHOLAR CERTIFICATES.

"(a) AUTHORITY.—The Secretary, using funds appropriated under section 404G, not to exceed $200,000 annually—

"(1) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in programs under this chapter; and

"(2) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for a free or reduced price lunch.

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

"SEC. 404F. EVALUATION AND REPORT.

"(a) EVALUATION.—Each eligible entity receiving a grant under this chapter shall biennially evaluate the early intervention program assisted under this chapter in accordance with the standards described in subsection (b) and shall submit to the Secretary a copy of such evaluation. The evaluation shall permit service providers to track eligible student progress during the period such students are participating in the program assisted under this section and shall be consistent with the standards developed by the Secretary pursuant to subsection (b).

"(b) EVALUATION STANDARDS.—The Secretary shall prescribe standards for the evaluation described in subsection (a). Such standards shall—

"(1) provide for input from eligible entities and service providers; and

"(2) ensure that data protocols and procedures are consistent and uniform.

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

section 404G, make grants to, and enter into contracts and cooperative agreements with public and private institutions and organizations, to evaluate the effectiveness of the program and, as appropriate, disseminate the results of the evaluation.

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

"SEC. 404G. APPROPRIATIONS.

"There are authorized to be appropriated to carry out this chapter $200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 415. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

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

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

"(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial

need demonstrated by students who are independent students or attending the institution on less than a full-time basis, a reasonable proportion of the allocation shall be made available to such students.".

(c) CARRYOVER, CARRYBACK, AND REALLOCATION.—Subpart 3 of part A of title IV (20 U.S.C. 1070b et seq.) is amended by adding at the end the following:

"SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCATION.

"(a) CARRYOVER AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

"(b) CARRYBACK AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, be used by the institution for expenditure for the fiscal year preceding the fiscal year for which the sums were appropriated.

"(c) REALLOCATION.—Any of the sums made available to an eligible institution under this subpart for a fiscal year that are not needed by the institution to award supplemental grants during that fiscal year, that the institution does not wish to use during the succeeding fiscal year as

authorized in subsection (a), and that the institution does not wish to use for the preceding fiscal year as authorized in subsection (b), shall be made available to the Secretary for reallocation under section 413D(e) until the end of the second fiscal year after the fiscal year for which such sums were appropriated.".

SEC. 416. LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) AMENDMENT TO SUBPART HEADING.—

(1) IN GENERAL.—The heading for subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended to read as follows:

"SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM".

(2) CONFORMING AMENDMENTS.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

(A) in section 415B(b) (20 U.S.C. 1070c–1(b)), by striking "State student grant incentive" and inserting "leveraging educational assistance partnership"; and

*(B) in the heading for section 415C (20 U.S.C. 1070c–2), by striking "**STATE STUDENT INCENTIVE GRANT**" and inserting*

"LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP".

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

(1) in paragraph (1), by striking "1993" and inserting "1999";

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

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

(c) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

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

(2) by inserting after section 415D the following:

"SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

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

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

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

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

"(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

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

"(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

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

"(4) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching;

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

"(6) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

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

"(d) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (c) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year.

"(e) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (c) for any fiscal year shall be 33⅓ percent."; and

(3) by adding at the end the following:

"SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

"(a) IN GENERAL.—Any State that desires to receive assistance under this subpart shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth under this subpart.

"(b) CONTENTS.—

"(1) IN GENERAL.—Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

"(A) the State will provide for such methods of administration as are necessary for the proper and efficient administration of the program under this subpart in keeping with the purposes set forth under this subpart;

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

"(C) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal

funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants under this subpart; and

"(D) the State has a comprehensive planning or policy formulation process that—

"(i) considers the relation between State administration of the program under this subpart, and administration of similar State programs or processes;

"(ii) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

"(iii) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

"(iv) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

"(v) provides for direct, equitable, and active participation in the comprehensive planning or policy formulation process or

processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

"(2) SPECIAL RULE.—Participation under paragraph (1)(D)(v) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

"(c) SPECIAL RULE.—The information and assurances provided by a State in accordance with subparagraphs (A), (B), and (C) of subsection (b)(1), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any program under this subpart.

"(d) AGREEMENT DURATION; COMPLIANCE.—

"(1) AGREEMENT DURATION.—An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

"(2) COMPLIANCE.—Whenever the Secretary, after reasonable notice and opportunity for a hearing

has been given to the State, finds that there is a failure to comply substantially with the assurances required in subparagraph (A), (B), or (C) of subsection (b)(1), the Secretary shall notify the State that the State is no longer eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

"(e) SPECIAL RULES.—

"(1) ENTITIES ENTERING INTO AGREEMENTS.—For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

"(2) CONSTRUCTION.—

"(A) STATE STRUCTURE.—Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in a program under this subpart, a specific State organizational structure for achieving participation in the planning, or ad-

ministration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

"(B) STATE AUTHORITY.—Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs that is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.".

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

"(1) providing grants to—

"(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by

institutions of higher education at which such students are enrolled; and

"(B) eligible students for campus-based community service work-study; and

"(2) carrying out the activities described in section 415F.".

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

SEC. 417. HEP AND CAMP.

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

(1) in paragraph (1), by striking "$15,000,000 for fiscal year 1993" and inserting "$25,000,000 for fiscal year 1999"; and

(2) in paragraph (2), by striking "$5,000,000 for fiscal year 1993" and inserting "$10,000,000 for fiscal year 1999".

SEC. 418. ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM.

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

SEC. 419. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended by inserting after subpart 6 (20 U.S.C. 1070d–31 et seq.) the following:

"Subpart 7—Child Care Access Means Parents in School

"SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

"(a) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

"(b) PROGRAM AUTHORIZED.—

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

"(2) AMOUNT OF GRANTS.—

"(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

"(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

"(3) DURATION; RENEWAL; AND PAYMENTS.—

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

"(B) RENEWAL.—A grant under this section may be renewed for a period of 3 years.

"(C) PAYMENTS.—Subject to subsection (e)(2), the Secretary shall make annual grant payments under this section.

"(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

"(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program primarily serving the needs of low-income students enrolled at the institution of higher education. Grant funds under this section may be used to provide before and after school services to the

extent necessary to enable low-income students enrolled at the institution of higher education to pursue postsecondary education.

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

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

"(c) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

"(1) demonstrate that the institution is an eligible institution described in subsection (b)(4);

"(2) specify the amount of funds requested;

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

"(A) information regarding student demographics;

"(B) an assessment of child care capacity on or near campus;

"(C) information regarding the existence of waiting lists for existing child care;

"(D) information regarding additional needs created by concentrations of poverty or by geographic isolation; and

"(E) other relevant data;

"(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

"(5) identify the resources, including technical expertise and financial support, the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, corporate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

"(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

"(7) describe the extent to which the child care program will coordinate with the institution's early childhood education curriculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section;

"(8) in the case of an institution seeking assistance for a new child care program—

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

"(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

"(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

"(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

"(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

"(d) PRIORITY.—The Secretary shall give priority in awarding grants under this section to institutions of higher education that submit applications describing programs that—

"(1) leverage significant local or institutional resources, including in-kind contributions, to support the activities assisted under this section; and

"(2) utilize a sliding fee scale for child care services provided under this section in order to support a high number of low-income parents pursuing postsecondary education at the institution.

"(e) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

"(1) REPORTING REQUIREMENTS.—

"(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months, and 36 months, after receiving the first grant payment under this section.

"(B) CONTENTS.—The report shall include—

"(i) data on the population served under this section;

"(ii) information on campus and community resources and funding used to help low-income students access child care services;

"(iii) information on progress made toward accreditation of any child care facility; and

"(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

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

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

"(f) CONSTRUCTION.—No funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 420. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended further by adding at the end the following:

"Subpart 9—Learning Anytime Anywhere Partnerships

"SEC. 420D. FINDINGS.

"Congress makes the following findings:

"(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary

education or for whom traditional courses are a poor match with education or training needs.

"(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from nontraditional, noncampus-based postsecondary education opportunities and appropriate support services.

"(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

"(4) Partnerships, consisting of institutions of higher education, community organizations, or other public or private agencies or organizations, can coordinate and combine institutional resources—

"(A) to provide the needed variety of education options to students; and

"(B) to develop new means of ensuring accountability and quality for innovative education methods.

"SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.

"(a) PURPOSE.—It is the purpose of this subpart to enhance the delivery, quality, and accountability of postsecondary education and career-oriented lifelong learning through technology and related innovations.

"(b) PROGRAM AUTHORIZED.—

"(1) GRANTS.—

"(A) IN GENERAL.—The Secretary may, from funds appropriated under section 420J make grants to, or enter into contracts or cooperative agreements with, eligible partnerships to carry out the authorized activities described in section 420G.

"(B) DURATION.—Grants under this subpart shall be awarded for periods that do not exceed 5 years.

"(2) DEFINITION OF ELIGIBLE PARTNERSHIP.—For purposes of this subpart, the term 'eligible partnership' means a partnership consisting of 2 or more independent agencies, organizations, or institutions. The agencies, organizations, or institutions may include institutions of higher education, community or-

ganizations, and other public and private institutions, agencies, and organizations.

"SEC. 420F. APPLICATION.

"(a) REQUIREMENT.—An eligible partnership desiring to receive a grant under this subpart shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

"(b) CONTENTS.—Each application shall include—

"(1) the name of each partner and a description of the responsibilities of the partner, including the designation of a nonprofit organization as the fiscal agent for the partnership;

"(2) a description of the need for the project, including a description of how the project will build on any existing services and activities;

"(3) a listing of human, financial (other than funds provided under this subpart), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources; and

"(4) a description of how the project will operate, including how funds awarded under this subpart will be used to meet the purpose of this subpart.

"SEC. 420G. AUTHORIZED ACTIVITIES.

"Funds awarded to an eligible partnership under this subpart shall be used to—

"(1) develop and assess model distance learning programs or innovative educational software;

"(2) develop methodologies for the identification and measurement of skill competencies;

"(3) develop and assess innovative student support services; or

"(4) support other activities that are consistent with the purpose of this subpart.

"SEC. 420H. MATCHING REQUIREMENT.

"Federal funds shall provide not more than 50 percent of the cost of a project under this subpart. The non-Federal share of project costs may be in cash or in kind, fairly evaluated, including services, supplies, or equipment.

"SEC. 420I. PEER REVIEW.

"The Secretary shall use a peer review process to review applications under this subpart and to make recommendations for funding under this subpart to the Secretary.

"SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subpart $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. ADVANCES FOR RESERVE FUNDS.

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

(1) in subsection (c)—

(A) in paragraph (6)(B)(i), by striking "written" and inserting "written, electronic"; and

(B) in paragraph (7)(A), by striking "during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title";

(2) in the matter preceding subparagraph (A) of subsection (g)(1), by striking "or the program authorized by part D of this title" each place the term appears; and

(3) by adding at the end the following:

"(i) ADDITIONAL RECALL OF RESERVES FOR FISCAL YEARS 1999, 2000, 2001, AND 2002.—

"(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall $21,250,000 for each of the fiscal years 1999, 2000, 2001, and 2002 from reserve funds held in the Federal Student Loan Reserve

Funds established under section 422A by guaranty agencies.

"(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

"(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) annually on the basis of ¼ of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

"(A) EQUAL PERCENTAGE.—The Secretary shall require each guaranty agency to return an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

"(B) CALCULATION.—The equal percentage reduction shall be the percentage obtained by dividing—

"(i) $85,000,000, by

"(ii) the total amount of all guaranty agencies' reserve funds held on September 30, 1996.

"(C) SPECIAL RULE.—Notwithstanding subparagraphs (A) and (B), the percentage reduc-

tion under subparagraph (B) shall not result in the depletion of the reserve funds of any agency which charges the 1.0 percent insurance premium pursuant to section 428(b)(1)(H) below an amount equal to the amount of lender claim payments paid 90 days prior to the date of the return under this subsection. If any additional amount is required to be returned after deducting the total of the required shares under subparagraph (B) and as a result of the preceding sentence, such additional amount shall be obtained by imposing on each guaranty agency to which the preceding sentence does not apply, an equal percentage reduction in the amount of the agency's remaining reserve funds.

"(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

"(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

"(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

"(B) does not include buildings, equipment, or other nonliquid assets.

"(j) ADDITIONAL RECALL OF RESERVES ON SEPTEMBER 1, 2007.—

"(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall, on September 1, 2007, $165,000,000 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

"(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

"(3) EQUAL PERCENTAGE REDUCTION.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) by requiring an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

"(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this sub-

section, subsection (h), or subsection (i), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

"(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

"(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

"(B) does not include buildings, equipment, or other nonliquid assets.".

SEC. 422. FEDERAL STUDENT LOAN RESERVE FUND.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 422 (20 U.S.C. 1072) the following:

"SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

"(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 into a Federal Student Loan Reserve Fund (in this section referred to as the 'Federal Fund'), in an account

of a type selected by the agency, with the approval of the Secretary.

"(b) INVESTMENT OF FUNDS.—Funds transferred to the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary. Earnings from the Federal Fund shall be the sole property of the Federal Government.

"(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

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

"(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to section 428(c)(6)(A); and

"(3) the amount of the insurance premium collected from borrowers pursuant to section 428(b)(1)(H).

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

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

"(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

"(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund, and any nonliquid asset (such as a building or equipment) developed or purchased by the guaranty agency in whole or in part with Federal reserve funds, regardless of who holds or controls the Federal reserve funds or such asset, shall be considered to be the property of the United States, prorated based on the percentage of such asset developed or purchased with Federal reserve funds, which property shall be used in the operation of the program authorized by the part, as provided in subsection (d). The Secretary may restrict or regulate the use of such asset only to the extent necessary to reasonably protect the Secretary's prorated share of the value of such asset. The Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activity involving expenditures, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication,

misuse, or improper expenditures of the Federal fund or the Secretary's share of such asset.

"(f) TRANSITION.—

"(1) IN GENERAL.—In order to establish the Agency Operating Fund established by section 422B, each agency may transfer not more than 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and Budget Circular A–87 (Cost Accounting Standards) for use in the performance of the agency's duties under this part. Such transfers may occur during the first 3 years following the establishment of the Agency Operating Fund, except that no agency may transfer in excess of 40 percent of the Federal Fund balance to the agency's Agency Operating Fund during any fiscal year. In determining the amount necessary for transfer, the agency shall assure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve funds recall requirements of subsection (b).

"(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection not later than 3 years after the establishment of the Agency Operating Fund, and shall repay all sums transferred not later than

5 years from the date of the establishment of the Agency Operating Fund. The guaranty agency shall provide to the Secretary a schedule for repayment of the sums transferred and an annual financial analysis demonstrating the agency's ability to comply with the schedule and repay all outstanding sums transferred.

"(3) PROHIBITION.—If a guaranty agency transfers funds from the Federal Fund in accordance with this section, and fails to make scheduled repayments to the Federal Fund, the agency may not receive any other funds under this part until the Secretary determines that the agency has made such repayments. The Secretary shall pay to the guaranty agency any funds withheld in accordance with this paragraph immediately upon making the determination that the guaranty agency has made all such repayments.

"(4) WAIVER.—The Secretary may waive the requirements of paragraph (3) for a guaranty agency described in such paragraph if the Secretary determines there are extenuating circumstances beyond the control of the agency that justify such a waiver.

"(5) INVESTMENT OF FEDERAL FUNDS.—Funds transferred from the Federal Fund to the Agency Operating Fund for operating expenses shall be invested

in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary.

"(6) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the guaranty agency in the calculation.".

SEC. 423. AGENCY OPERATING FUND.

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

"SEC. 422B. AGENCY OPERATING FUND.

"(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (in this section referred to as the 'Operating Fund').

"(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund pursuant to section 422A(f), shall be invested at the discretion of the guaranty agency.

"(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

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

"(2) administrative cost allowances paid under section 458, as such section was in effect on the day preceding the date of enactment of the Higher Education Amendments of 1998, and the portfolio maintenance fee paid by the Secretary in accordance with section 458;

"(3) the default prevention fee paid in accordance with section 428(l); and

"(4) amounts remaining pursuant to section 428(c)(6)(B) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Student Loan Reserve Fund pursuant to section 422A(c)(2).

"(d) USES OF FUNDS.—

"(1) IN GENERAL.—Funds in the Operating Fund shall be used for application processing, loan disbursement, enrollment and repayment status management, default prevention activities (including those described in section 422(h)(8), default collection activities, school and lender training, compliance monitoring, and other student financial aid related activities as determined by the Secretary.

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

"(3) DEFINITIONS.—For purposes of this subsection:

"(A) DEFAULT COLLECTION ACTIVITIES.—The term 'default collection activities' means activities of a guaranty agency that are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone, and similar charges.

"(B) DEFAULT PREVENTION ACTIVITIES.—The term 'default prevention activities' means activities of a guaranty agency, including those

described in section 422(h)(8), that are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the default prevention activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges.

"(C) ENROLLMENT AND REPAYMENT STATUS MANAGEMENT.—The term 'enrollment and repayment status management' means activities of a guaranty agency that are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this title.

"(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund in accordance with section 422A(f), shall be considered to be the property of the guaranty agency. The Secretary may not regulate the uses or expenditure of moneys in the Operating Fund, but the Secretary may require such necessary reports and audits as provided in section 428(b)(2). However, during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of transfer under section 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part.".

SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking "October 1, 2002" and inserting "October 1, 2004"; and

(2) by striking "September 30, 2006" and inserting "September 30, 2008".

SEC. 425. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

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

"(j) INTEREST RATES FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

"(1) IN GENERAL.—Notwithstanding subsection (h) and subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

"(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(2) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding subsection (h), with respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

"(A) prior to the beginning of the repayment period of the loan; or

"(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C), shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

"(3) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under paragraph (1)—

"(A) by substituting '3.1 percent' for '2.3 percent'; and

"(B) by substituting '9.0 percent' for '8.25 percent'.

"(4) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.".

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking "section 427A(c)" and inserting "section 427A(j)(3)".

(b) SPECIAL ALLOWANCES.

(1) AMENDMENT.—Section 438(b)(2)(G) (20 U.S.C. 1087–1(b)(2)(G)) is amended to read as follows:

"(G) LOANS DISBURSED BETWEEN OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

"(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, shall be computed—

"(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

"(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

"(III) by adding 2.8 percent to the resultant percent; and

"(IV) by dividing the resultant percent by 4.

"(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

"(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

"(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after October 1, 1998, and before July 1, 2003, for which the interest rate is determined under section 427A(j)(3), a special allowance

shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(j)(3) exceeds 9 percent.".

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking "In the case" and inserting "Subject to subparagraph (G), in the case".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

SEC. 426. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

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

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) in clause (i), by striking subclauses (I), (II), and (III) and inserting the following:

"(I) sets forth the loan amount for which the student shows financial need; and

"(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and"; and

(ii) by amending clause (ii) to read as follows:

"(ii) meets the requirements of subparagraph (B); and";

(B) by amending subparagraph (B) to read as follows:

"(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) (and a loan amount pursuant to section 428H) if the eligible institution has determined and documented the student's amount of need for a loan based on the student's estimated cost of attendance, estimated financial assistance, and, for the purpose of an interest payment pursuant to this section, the expected family contribution (as determined under part F), subject to the provisions of subparagraph (D).";

(C) by amending subparagraph (C) to read as follows:

"(C) For the purpose of subparagraph (B) and this paragraph—

"(i) a student's cost of attendance shall be determined under section 472;

"(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 3 of part A, parts C and E, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

"(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall, with the exception of loans made under section 428H, be calculated in accordance with part F."; and

(D) by striking subparagraph (F);

(2) in paragraph (3)(A)(v)—

(A) in subclause (I), by inserting "by the institution" after "disbursement"; and

(B) in clause (II), by inserting "by the institution" after "disbursement"; and

(3) in paragraph (5)—

(A) by striking "September 30, 2002" and inserting "September 30, 2004"; and

(B) by striking "September 30, 2006" and inserting "September 30, 2008".

(b) INSURANCE PROGRAM AGREEMENTS.—Section 428(b) (20 U.S.C. 1078(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by inserting ", as defined in section 481(d)(2)," after "academic year";

(ii) in clause (iv), by striking "and" after the semicolon;

(iii) in clause (v), by inserting "and" after the semicolon; and

(iv) by inserting before the matter following clause (v) the following:

"(vi) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

"(I) $2,625 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,500 for coursework necessary

for enrollment in a graduate or professional degree or certification program; and

"(II) $5,500 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;";

(B) by amending subparagraph (E) to read as follows:

"(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

"(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 428H, the option of repaying the loan in accordance with a graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations provided by the Secretary; and

"(ii) repayment of loans shall be in installments in accordance with the repayment plan selected under paragraph (9) and commencing at the beginning of the repayment period determined under paragraph (7)";

(C) in subparagraph (L)(i), by inserting "except as otherwise provided by a repayment plan selected by the borrower under clause (ii) or (iii) of paragraph (9)(A)," before "during any"; and

(D) in subparagraph (U)(iii)(I), by inserting "that originates or holds more than $5,000,000 in loans made under this title for any fiscal year (except that each lender described in section 435(d)(1)(A)(ii)(III) shall annually submit the results of an audit required by this clause)," before "at least once a year";

(2) in paragraph (7), by adding at the end the following:

"(D) There shall be excluded from the 6-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in subparagraph (A)(i) any period not to exceed 3 years during which

a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period."; and

(3) by adding at the end the following:

"(9) REPAYMENT PLANS.—

"(A) DESIGN AND SELECTION.—In accordance with regulations promulgated by the Secretary, the lender shall offer a borrower of a loan made under this part the plans described in this subparagraph for repayment of such loan, including principal and interest thereon. Except as provided in paragraph (1)(L)(i), no plan may require a borrower to repay a loan in less than 5 years. The borrower may choose from—

"(i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years;

"(ii) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years;

"(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed 10 years, except that the borrower's scheduled payments shall not be less than the amount of interest due; and

"(iv) for first-time borrowers on or after the date of enactment of the Higher Education Amendments of 1998 with outstanding loans under this part totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years, except that the borrower shall repay annually a minimum amount determined in accordance with paragraph (2)(L).

"(B) LENDER SELECTION OF OPTION IF BORROWER DOES NOT SELECT.—If a borrower of a loan made under this part does not select a repayment plan described in subparagraph (A),

the lender shall provide the borrower with a repayment plan described in subparagraph (A)(i).

"(C) CHANGES IN SELECTION.—The borrower of a loan made under this part may change the borrower's selection of a repayment plan under subparagraph (B), as the case may be, under such conditions as may be prescribed by the Secretary in regulation.

"(D) ACCELERATION PERMITTED.—Under any of the plans described in this paragraph, the borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part.".

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—Section 428(c) (20 U.S.C. 1078(c)) is amended—

(1) in paragraph (1)—

(A) in the fourth sentence of subparagraph (A), by striking "as reimbursement under this subsection shall be equal to 98 percent" and inserting "as reimbursement for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998 shall be equal to 95 percent";

(B) in subparagraph (B)—

(i) in clause (i), by striking "88 percent of the amount of such excess" and inserting "85 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998"; and

(ii) in clause (ii), by striking "78 percent of the amount of such excess" and inserting "75 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998";

(C) in subparagraph (E)—

(i) in clause (i), by striking "98 percent" and inserting "95 percent";

(ii) in clause (ii), by striking "88 percent" and inserting "85 percent"; and

(iii) in clause (iii), by striking "78 percent" and inserting "75 percent"; and

(D) in subparagraph (F)—

(i) in clause (i), by striking "98 percent" and inserting "95 percent"; and

(ii) in clause (ii), by striking "88 percent" and inserting "85 percent";

(2) in paragraph (2)—

(A) in subparagraph (A), by striking "proof that reasonable attempts were made" and inserting "proof that the institution was contacted and other reasonable attempts were made"; and

(B) in subparagraph (G), by striking "certifies to the Secretary that diligent attempts have been made" and inserting "certifies to the Secretary that diligent attempts, including contact with the institution, have been made".

(3) in paragraph (3)—

(A) in subparagraph (A)(i), by inserting "or electronic" after "written";

(B) in subparagraph (B), by striking "and" after the semicolon;

(C) in subparagraph (C), by striking the period and inserting "; and"; and

(D) by inserting before the matter following subparagraph (C) the following:

"(D) shall contain provisions that specify that forbearance for a period not to exceed 60 days may be granted if the lender determines that such a suspension of collection activity is

warranted following a borrower's request for forbearance in order to collect or process appropriate supporting documentation related to the request, and that during such period interest shall not be capitalized.";

(4) by amending paragraph (6) to read as follows:

"(6) SECRETARY'S EQUITABLE SHARE.—For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

"(A) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

"(B) an amount equal to 24 percent of such payments for use in accordance with section 422B, except that, beginning on September 30, 2003, this subparagraph shall be applied by substituting '23 percent' for '24 percent'.";

(5) in paragraph (8)—

(A) by striking "(A) If" and inserting "If"; and

(B) by striking subparagraph (B); and

(6) in paragraph (9)—

(A) in subparagraph (A), by striking "maintain a current minimum reserve level of at least .5 percent" and inserting "maintain in the agency's Federal Student Loan Reserve Fund established under section 422A a current minimum reserve level of at least 0.25 percent";

(B) in subparagraph (C)—

(i) by striking "80 percent" and inserting "78 percent";

(ii) by striking ", as appropriate,"; and

(iii) by striking "30 working" and inserting "45 working";

(C) in subparagraph (E)—

(i) in clause (iv), by inserting "or" after the semicolon;

(ii) in clause (v), by striking "; or" and inserting a period; and

(iii) by striking clause (vi);

(D) in subparagraph (F), by amending clause (vii) to read as follows:

"(vii) take any other action the Secretary determines necessary to avoid disruption of the student loan program, to ensure the continued availability of loans made under this part to residents of each State in which the guaranty agency did business, to ensure the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and to ensure the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency."; and

(E) in subparagraph (K), by striking "and the progress of the transition from the loan programs under this part to the direct student loan programs under part D of this title".

(d) PAYMENT FOR LENDER REFERRAL SERVICES.—Subsection (e) of section 428 (20 U.S.C. 1078) is repealed.

(e) PAYMENT OF CERTAIN COSTS.—Subsection (f) of section 428 (20 U.S.C. 1078) is amended to read as follows:

"(f) PAYMENTS OF CERTAIN COSTS.—

"(1) PAYMENT FOR CERTAIN ACTIVITIES.—

"(A) IN GENERAL.—The Secretary—

"(i) for loans originated on or after October 1, 1998, and before October 1, 2003,

and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency; and

"(ii) for loans originated on or after October 1, 2003, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.40 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

"(B) PAYMENT.—The payment required by subparagraph (A) shall be paid on a quarterly basis. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefore under this subparagraph.".

(f) LENDERS-OF-LAST-RESORT.—Paragraph (3) of section 428(j) (20 U.S.C. 1078(j)) is amended—

(1) in the paragraph heading, by striking "DURING TRANSITION TO DIRECT LENDING"; and

(2) in subparagraph (A), by striking "during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title";

(g) DEFAULT AVERSION ASSISTANCE.—Subsection (l) of section 428 (20 U.S.C. 1078) is amended to read as follows:

"(l) DEFAULT AVERSION ASSISTANCE.—

"(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender not earlier than the 60th nor later than the 90th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

"(2) DEFAULT PREVENTION FEE REQUIRED.—

"(A) IN GENERAL.—A guaranty agency, in accordance with the provisions of this paragraph, may transfer from the Federal Student Loan Reserve Fund to the Agency Operating Fund a default prevention fee. Such fee shall be

paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 300th day after the loan becomes 60 days delinquent.

"(B) AMOUNT.—The default prevention fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan calculated at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 24 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection not more frequently than monthly.

"(C) DEFINITION OF CURRENT REPAYMENT STATUS.—For the purpose of this paragraph, the term 'current repayment status' means that the borrower is not delinquent, in any respect, in the payment of principal and interest on the loan at the time the guaranty agency qualifies for the default prevention fee.".

(h) STATE SHARE OF DEFAULT COSTS.—Subsection (n) of section 428 (20 U.S.C. 1078) is repealed.

SEC. 427. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 428 (20 U.S.C. 1078) the following:

"SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

"(a) VOLUNTARY AGREEMENTS.—

"(1) AUTHORITY.—The Secretary may enter into a voluntary, flexible agreement, subject to paragraph (2), with guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement under such subsections, except that the Secretary may not waive any statutory requirement pertaining to the terms and conditions attached to student loans, default claim payments made to lenders, or the prohibitions on inducements contained in section 428(b)(3).

"(2) ELIGIBILITY.—During fiscal years 1999, 2000, and 2001, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies that had 1 or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of the Higher Education Amendments of 1998. Beginning in fis-

cal year 2002, any guaranty agency or consortium thereof may enter into a similar agreement with the Secretary.

"(3) REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

"(A) a description of each voluntary flexible agreement and the performance goals established by the Secretary for each agreement;

"(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

"(C) a description of the standards by which each agency's performance under the agency's voluntary flexible agreement was assessed and the degree to which each agency achieved the performance standards; and

"(D) an analysis of the fees paid by the Secretary, and the costs and efficiencies achieved under each voluntary agreement.

"(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

"(1) shall be developed by the Secretary, in consultation with the guaranty agency, on a case-by case basis;

"(2) may be secured by the parties;

"(3) may only include provisions—

"(A) specifying the responsibilities of the guaranty agency under the agreement, with respect to—

"(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

"(ii) monitoring insurance commitments made under this part;

"(iii) default aversion activities;

"(iv) review of default claims made by lenders;

"(v) payment of default claims;

"(vi) collection of defaulted loans;

"(vii) adoption of internal systems of accounting and auditing that are acceptable

to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

"(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

"(ix) monitoring of institutions and lenders participating in the program under this part; and

"(x) informational outreach to schools and students in support of access to higher education;

"(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

"(C) regarding the use of net revenues, as described in the agreement under this section, for

such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

"(D) regarding the standards by which the guaranty agency's performance of the agency's responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on one or more performance standards;

"(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of the agreement's expiration date;

"(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

"(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part;

"(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement; and

"(5) shall not prohibit or restrict borrowers from selecting a lender of the borrower's choosing, subject to the prohibitions and restrictions applicable to the selection under this Act.

"(c) PUBLIC NOTICE.—

"(1) IN GENERAL.—The Secretary shall publish in the Federal Register a notice to all guaranty agencies that sets forth—

"(A) an invitation for the guaranty agencies to enter into agreements under this section; and

"(B) the criteria that the Secretary will use for selecting the guaranty agencies with which the Secretary will enter into agreements under this section.

"(2) AGREEMENT NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Members of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives, and shall publish a notice in the Federal Register, with a request for public comment, at least 30 days

prior to concluding an agreement under this section. The notice shall contain—

"(A) a description of the voluntary flexible agreement and the performance goals established by the Secretary for the agreement;

"(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

"(C) a description of the standards by which each guaranty agency's performance under the agreement will be assessed; and

"(D) a description of the fees that will be paid to each participating guaranty agency.

"(3) PUBLIC AVAILABILITY.—The text of any voluntary flexible agreement, and any subsequent revisions, shall be readily available to the public.

"(4) MODIFICATION NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives 30 days prior to any modifications to an agreement under this section.

"(d) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary

shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, and including the guaranty agency's compliance with reserve requirements under sections 422 and 428.".

SEC. 428. FEDERAL PLUS LOANS.

Section 428B (20 U.S.C. 1078–2) is amended—

(1) by amending subsection (a) to read as follows:

"(a) AUTHORITY TO BORROW.—

"(1) AUTHORITY AND ELIGIBILITY.—Parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

"(A) the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; and

"(B) the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

"(2) TERMS, CONDITIONS, AND BENEFITS.—Except as provided in subsections (c), (d), and (e), loans made under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

"(3) SPECIAL RULE.—Whenever necessary to carry out the provisions of this section, the terms "student" and "borrower" as used in this part shall include a parent borrower under this section."; and

(2) by adding at the end the following:

"(f) VERIFICATION OF IMMIGRATION STATUS AND SOCIAL SECURITY NUMBER.—A parent who wishes to borrow funds under this section shall be subject to verification of the parent's—

"(1) immigration status in the same manner as immigration status is verified for students under section 484(g); and

"(2) social security number in the same manner as social security numbers are verified for students under section 484(p).".

SEC. 429. FEDERAL CONSOLIDATION LOANS.

(a) IN GENERAL.—Section 428C(a)(3) (20 U.S.C. 1078–3(a)(3)) is amended—

(1) by amending subparagraph (A) to read as follows: "(A) For the purpose of this section, the term 'eligible borrower' means a borrower who—

"(i) is not subject to a judgment secured through litigation or an order for wage garnishment under section 488A; or

"(ii) at the time of application for a consolidation loan—

"(I) is in repayment status;

"(II) is in a grace period preceding repayment; or

"(III) is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans."; and

(2) in subparagraph (B)(i)—

(A) in subclause (I), by striking "and" after the semicolon;

(B) by redesignating subclause (II) as subclause (III);

(C) by inserting after subclause (I) the following:

"(II) with respect to eligible student loans received prior to the date of consolidation that the borrower may wish to include with eligible

loans specified in subclause (I) in a later consolidation loan; and"; and

(D) in subclause (III) (as redesignated by subparagraph (B)—

(i) by striking "that loans" and inserting "with respect to loans"; and

(ii) by inserting "that" before "may be added".

(b) DATE CHANGE.—Section 428C(e) (20 U.S.C. 1078–3(e)) is amended by striking "September 30, 2002" and inserting "September 30, 2004".

SEC. 430. REQUIREMENTS FOR DISBURSEMENTS OF STUDENT LOANS.

(a) IN GENERAL.—Section 428G (20 U.S.C. 1078G) is amended—

(1) in subsection (a)(1), by striking "The proceeds" and inserting "Except for a loan made for the final period of enrollment, that is less than an academic year, in a student's baccalaureate program of study, at an institution with a cohort default rate (as calculated under section 435(m)) that is 5 percent or less, the proceeds";

(2) in subsection (b)(1), by striking "The first" and inserting "Except for a loan made to a student borrower entering an institution with a cohort default

rate (as calculated under section 435(m)) of less than 5 percent, the first"; and

(3) in subsection (e)—

(A) by striking "or made" and inserting ", made"; and

(B) by inserting ", or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent" before the period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) shall be effective during the period beginning on October 1, 1998, and ending on September 30, 2002.

SEC. 431. DEFAULT REDUCTION PROGRAM.

The heading for subsection (b) of section 428F (20 U.S.C. 1078–6) is amended by striking "SPECIAL RULE" and inserting "SATISFACTORY REPAYMENT ARRANGEMENTS TO RENEW ELIGIBILITY".

SEC. 432. UNSUBSIDIZED LOANS.

(a) IN GENERAL.—Section 428H (20 U.S.C. 1078–8) is amended—

(1) by amending subsection (b) to read as follows:

"(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

"(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 472) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 428; and

"(2) provided the lender a statement—

"(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

"(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.";

(2) in subsection (d)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A)—

(I) by inserting ", as defined in section 481(d)(2)," after "academic year"; and

(II) by striking "or in any period of 7 consecutive months, whichever is longer,";

(ii) in subparagraph (C), by inserting "and" after the semicolon; and

(iii) by inserting before the matter following subparagraph (C) the following:

"(D) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

"(i) $4,000 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,000 for coursework necessary for enrollment in a graduate or professional program; and

"(ii) $5,000 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;"; and

(B) in paragraph (3), by adding at the end the following: "The maximum aggregate amount shall not include interest capitalized from an in-school period.";

(3) in subsection (e)—

(A) by amending paragraph (2) to read as follows:

"(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

"(A) be paid monthly or quarterly; or

"(B) be added to the principal amount of the loan by the lender only—

"(i) when the loan enters repayment;

"(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

"(iii) at the expiration of a period of deferment; or

"(iv) when the borrower defaults."; and

(B) in paragraph (6), by striking "10 year repayment period under section 428(b)(1)(D)"

and inserting "repayment period under section 428(b)(9)".

(b) SENSE OF THE SENATE ON LOAN LIMIT FLEXIBILITY.—

(1) FINDINGS.—The Senate finds that—

(A) due to the annual borrowing ceilings on the Federal student loan programs, increasing numbers of needy students are borrowing from more expensive private sector loan programs than from the Federal loan programs;

(B) according to the College Board, in academic year 1996–1997, students borrowed approximately $1,200,000,000 from private sector loan programs;

(C) the alternative private sector loan programs are not only more expensive, but the interest rates are not capped, leaving students vulnerable to higher monthly payments when interest rates increase; and

(D) with more flexible Federal annual loan ceilings, students could be kept in Federal student loan programs, thereby making available to the students the debt management advantages of loan consolidation and alternative repayment options that are available under Federal student

loan programs, and lowering the costs of monthly payments.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should consider the growing problem described in paragraph (1) by continuing to examine the potential for adding borrowing flexibility to the annual, but not the aggregate, amounts that both undergraduate and graduate students are allowed to borrow under section 428H of the Higher Education Act of 1965.

SEC. 433. LOAN FORGIVENESS FOR TEACHERS.

Section 428J (20 U.S.C. 1078–10) is amended to read as follows:

"SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

"(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

"(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program, through the holder of the loan, of assuming the obligation to repay a qualifying loan made under section 428 that is eligible for interest subsidy, for any new borrower on or after October 1, 1998, who—

"(1) has been employed as a full-time teacher for 3 consecutive complete school years—

"(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

"(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; and

"(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

"(2) is not in default on a loan for which the borrower seeks forgiveness.

"(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

"(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

"(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

"(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(e) LOAN REPAYMENT DURING CONTINUING TEACHING SERVICE.—

"(1) IN GENERAL.—The Secretary shall assume the obligation to repay through reimbursement to the holder—

"(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans that are qualifying loans and are owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

"(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

"(C) a total amount for any borrower that shall not exceed $8,000.

"(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

"(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(g) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

"(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

"(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).".

SEC. 434. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

Part B (20 U.S.C. 1071 et seq.) is amended by inserting after section 428J (as added by section 433) (20 U.S.C. 1078–10) the following:

"SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

"(a) PURPOSE.—It is the purpose of this section—

"(1) to bring more highly trained individuals into the early child care profession; and

"(2) to keep more highly trained child care providers in the early child care field for longer periods of time.

"(b) DEFINITIONS.—In this section:

"(1) CHILD CARE FACILITY.—The term 'child care facility' means a facility, including a home, that—

"(A) provides child care services; and

"(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

"(2) CHILD CARE SERVICES.—The term 'child care services' means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.

"(3) DEGREE.—The term 'degree' means an associate's or bachelor's degree awarded by an institution of higher education.

"(4) EARLY CHILDHOOD EDUCATION.—The term 'early childhood education' means education in the areas of early child education, child care, or any

other educational area related to child care that the Secretary determines appropriate.

"(5) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101.

"(c) DEMONSTRATION PROGRAM.—

"(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (d), a loan made, insured or guaranteed under this part or part D (excluding loans made under sections 428B and 428C) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

"(A) completes a degree in early childhood education;

"(B) obtains employment in a child care facility; and

"(C) has worked full time for the 2 consecutive years preceding the year for which the determination is made as a child care provider in a low-income community.

"(2) LOW-INCOME COMMUNITY.—For the purposes of this subsection, the term 'low-income community' means a community in which 70 percent of

households within the community earn less than 85 percent of the State median household income.

"(3) AWARD BASIS; PRIORITY.—

"(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

"(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

"(4) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

"(d) LOAN REPAYMENT.—

"(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

"(A) after the second consecutive year of employment described in subparagraphs (B) and (C) of subsection (c)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

"(B) after the third consecutive year of such employment, 20 percent of the total amount of all such loans; and

"(C) after each of the fourth and fifth consecutive years of such employment, 30 percent of the total amount of all such loans.

"(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

"(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

"(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid

for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

"(5) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

"(e) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

"(f) APPLICATION FOR REPAYMENT.—

"(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

"(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in

qualifying employment unless the borrower is in deferment while so engaged.

"(g) EVALUATION.—

"(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

"(2) COMPETITIVE BASIS.—The grant or contract described in subsection (b) shall be awarded on a competitive basis.

"(3) CONTENTS.—The evaluation described in this subsection shall—

"(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

"(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

"(C) identify the barriers to the effectiveness of the program;

"(D) assess the cost-effectiveness of the program in improving the quality of—

"(i) early childhood education; and

"(ii) child care services;

"(E) identify the reasons why participants in the program have chosen to take part in the program;

"(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

"(G) identify the number of years each individual participates in the program.

"(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 435. NOTICE TO SECRETARY AND PAYMENT OF LOSS.

The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting "the institution was contacted and other" after "submit proof that".

SEC. 436. COMMON FORMS AND FORMATS.

Section 432 (20 U.S.C. 1082) is amended—

(1) in subsection (m)(1)—

(A) in subparagraph (A), by striking "a common application form and promissory note" and inserting "common application forms and promissory notes, or master promissory notes,";

(B) by striking subparagraph (C);

(C) by redesignating subparagraph (D) as subparagraph (C); and

(D) in subparagraph (C) (as redesignated by subparagraph (C))—

(i) by inserting ", application and other" after "electronic"; and

(ii) by adding at the end the following: "Guaranty agencies, borrowers, and lenders may use electronically printed versions of common forms approved for use by the Secretary."; and

(2) in subsection (p), by striking "State postsecondary reviewing entities designated under subpart 1 of part H,".

SEC. 437. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

Section 433 (20 U.S.C. 1083) is amended—

(1) in subsection (a), by amending the matter preceding paragraph (1) to read as follows:

"(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan that is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender by written or electronic means, including as part of the application material provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. Each lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. The disclosure shall include—"; and

(2) in subsection (b), by amending the matter preceding paragraph (1) to read as follows:

"(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower by written or electronic means the information required under this subsection. Each eligible lender shall provide a telephone number, and may provide an electronic

address, to each borrower through which additional loan information can be obtained. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—".

SEC. 438. DEFINITIONS.

(a) ELIGIBLE INSTITUTION.—Section 435(a) (20 U.S.C. 1085(a)) is amended—

(1) in paragraph (2)—

(A) by adding after the matter following subparagraph (A)(ii) the following:

"If an institution continues to participate in a program under this part, and the institution's appeal of the loss of eligibility is unsuccessful, the institution shall be required to pay to the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or which the Secretary is obligated to make) with respect to loans made under this part to students attending, or planning to attend, that institution during the pendency of such appeal. In order to continue to participate during an appeal under this paragraph, the institution shall provide a letter

of credit in favor of the Secretary or other third-party financial guarantees satisfactory to the Secretary in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability on such loans under the preceding sentence."; and

(B) by amending subparagraph (C) to read as follows:

"(C)(i) This paragraph shall not apply to any institution described in clause (ii), and any such institution that exceeds the threshold percentage in subparagraph (A)(ii) for 2 consecutive years shall submit to the Secretary a default management plan satisfactory to the Secretary and containing criteria designed, in accordance with the regulations of the Secretary, to demonstrate continuous improvement by the institution in the institution's cohort default rate. If the institution fails to submit the required plan, or to satisfy the criteria in the plan, the institution shall be subject to a loss of eligibility in accordance with this paragraph, except as the Secretary may otherwise specify in regulations.

"(ii) An institution referred to in clause (i) is—

"(I) a part B institution within the meaning of section 322(2);

"(II) a Tribally Controlled College or University within the meaning of section 2(a)(4) of the Tribally Controlled College or University Assistance Act of 1978; or

"(III) a Navajo Community College under the Navajo Community College Act.";

(2) in the matter following subparagraph (C)—

(A) by inserting "for a reasonable period of time, not to exceed 30 days," after "access"; and

(B) by striking "of the affected guaranty agencies and loan servicers for a reasonable period of time, not to exceed 30 days" and inserting "used by a guaranty agency in determining whether to pay a claim on a defaulted loan"; and

(3) by adding at the end the following:

"(4) PARTICIPATION RATE INDEX.—

"(A) IN GENERAL.—An institution that demonstrates to the Secretary that the institution's participation rate index is equal to or less than 0.0375 for any of the 3 applicable participation rate indices shall not be subject to paragraph (2). The participation rate index shall be determined by multiplying the institution's cohort default rate for loans under part B or D,

or weighted average cohort default rate for loans under parts B and D, by the percentage of the institution's regular students, enrolled on at least a half-time basis, who received a loan made under part B or D for a 12-month period ending during the 6 months immediately preceding the fiscal year for which the cohort of borrowers used to calculate the institution's cohort default rate is determined.

"(B) DATA.—An institution shall provide the Secretary with sufficient data to determine the institution's participation rate index within 30 days after receiving an initial notification of the institution's draft cohort default rate.

"(C) NOTIFICATION.—Prior to publication of a final cohort default rate for an institution that provides the data described in subparagraph (B), the Secretary shall notify the institution of the institution's compliance or noncompliance with subparagraph (A).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(B) shall be effective during the period beginning on the date of enactment of this Act and ending on September 30, 2002.

(c) ELIGIBLE LENDER.—Section 435(d)(1)(A)(ii) (20 U.S.C. 1085(d)(1)(A)(ii) is amended—

(1) by striking "or" after "1992,"; and

(2) by inserting before the semicolon the following: ", or (III) it is a bank (as defined in section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)(1)) that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(1) of such Code, and the bank makes loans under this part only to undergraduate students who are age 22 or younger and has a portfolio of such loans that is not more than $5,000,000".

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(l) (20 U.S.C. 1085l) is amended—

(A) by striking "180 days" and inserting "270 days"; and

(B) by striking "240 days" and inserting "330 days".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

(e) COHORT DEFAULT RATE.—Section 435(m)(1)(B) (20 U.S.C. 1085(m)(1)(B)) is amended by striking "insurance, and, in considering appeals with respect to cohort default rates pursuant to subsection (a)(3), exclude" and inserting "insurance. In considering appeals with respect to cohort default rates pursuant to subsection (a)(3), the Secretary shall exclude, from the calculation of the number of students who entered repayment and from the calculation of the number of students who default,".

(f) PUBLICATION DATE.—Section 435(m)(4) (20 U.S.C. 1085(m)(4)) is amended by adding at the end the following:

"(D) The Secretary shall publish the report described in subparagraph (C) by September 30 of each year.".

SEC. 439. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

Part A of title IV (20 U.S.C. 1071 et seq.) is amended by adding after section 435 the following:

"SEC. 435A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

"(a) STUDY REQUIRED.—The Secretary shall conduct a study of the effectiveness of cohort default rates as an indi-

cator of administrative capability and program quality for institutions of higher education at which less than 15 percent of students eligible to borrow participate in the Federal student loan programs under this title and fewer than 30 borrowers enter repayment in any fiscal year. At a minimum, the study shall include—

"(1) identification of the institutions included in the study and of the student populations the institutions serve;

"(2) analysis of cohort default rates as indicators of administrative shortcomings and program quality at the institutions;

"(3) analysis of the effectiveness of cohort default rates as a means to prevent fraud and abuse in the programs assisted under this title;

"(4) analysis of the extent to which the institutions with high cohort default rates are no longer participants in the Federal student loan programs under this title; and

"(5) analysis of the costs incurred by the Department for the calculation, publication, correction, and appeal of cohort default rates for the institutions in relation to any benefits to taxpayers.

"(b) CONSULTATION.—In conducting the study described in subsection (a), the Secretary shall consult with institutions of higher education.

"(c) REPORT TO CONGRESS.—The Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).".

SEC. 440. DELEGATION OF FUNCTIONS.

Section 436 (20 U.S.C. 1086) is amended to read as follows:

"SEC. 436. DELEGATION OF FUNCTIONS.

"(a) IN GENERAL.—An eligible lender or guaranty agency that contracts with another entity to perform any of the lender's or agency's functions under this title, or otherwise delegates the performance of such functions to such other entity—

"(1) shall not be relieved of the lender's or agency's duty to comply with the requirements of this title; and

"(2) shall monitor the activities of such other entity for compliance with such requirements.

"(b) SPECIAL RULE.—A lender that holds a loan made under part B in the lender's capacity as a trustee is respon-

sible for complying with all statutory and regulatory requirements imposed on any other holder of a loan made under this part.".

SEC. 440A. SPECIAL ALLOWANCES.

(a) AMENDMENTS.—Section 438 (20 U.S.C. 1087–1) is amended—

(1) in subsection (c), by amending paragraph (1) to read as follows:

"(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—(A) Notwithstanding subsection (b), the Secretary shall collect the amount the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection—

"(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder; or

"(ii) directly from the holder of the loan, if the lender fails or is not required to bill the Secretary for interest and special allowance or withdraws from the program with unpaid loan origination fees.

"(B) If the Secretary collects the origination fee under this subsection through the reduction of interest and special allowance, and the total amount of inter-

est and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.";

(2) in subsection (d), by amending paragraph (1) to read as follows:

"(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—

"(A) IN GENERAL.—Notwithstanding subsection (b), the Secretary shall collect a loan fee in an amount determined in accordance with paragraph (2)—

"(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, to any holder of a loan; or

"(ii) directly from the holder of the loan, if the lender—

"(I) fails or is not required to bill the Secretary for interest and special allowance payments; or

"(II) withdraws from the program with unpaid loan fees.

"(B) SPECIAL RULE.—If the Secretary collects loan fees under this subsection through the reduction of interest and special allowance payments, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, is less than the amount of such loan fees, then the Secretary shall deduct the amount of the loan fee balance from the amount of interest and special allowance payments that would otherwise be payable, in subsequent quarterly increments until the balance has been deducted."; and

(3) in subsection (e)—

(A) by striking paragraphs (1) and (2); and

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

(b) CONFORMING AMENDMENT.—Section 432(f)(1)(D) is amended by striking "required to file a plan for doing business under section 438(d)" and inserting "that meets the requirements of section 438(e)".

SEC. 440B. STUDY OF MARKET-BASED MECHANISMS FOR DETERMINING STUDENT LOAN INTEREST RATES.

(a) STUDY REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury shall conduct a study of the feasibility of employing market-based mechanisms, including some form of auction, for determining student loan interest rates under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.). The study shall include—

(A) analysis of the potential impact of the mechanisms on the delivery of student financial aid;

(B) analysis of the implications of the mechanisms with respect to student and institutional access to student loan capital;

(C) analysis of the potential impact of the mechanisms on the costs of the programs under such title for students and the Federal Government; and

(D) a plan for structuring and implementing the mechanisms in such a manner that ensures the cost-effective availability of student loans for students and their families.

(b) CONSULTATION.—In conducting the study described in paragraph (1), the Secretary shall consult with

lenders, secondary markets, guaranty agencies, institutions of higher education, student loan borrowers, and other participants in the student loan programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(c) REPORT TO CONGRESS.—The Secretary of the Treasury shall report to the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMUNITY SERVICES.

Section 441 (20 U.S.C. 2751) is amended—

(1) in subsection (b), by striking "$800,000,000 for fiscal year 1993" and inserting "$900,000,000 for fiscal year 1999"; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting "(including child care services provided on campus)" after "child care"; and

(B) in paragraph (3), by inserting ", including students with disabilities who are enrolled at the institution" before the semicolon.

SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.

Section 443(b) (20 U.S.C. 2753(b)) is amended—

(1) in paragraph (1), by inserting ", including internships or research assistanceships as determined by the Secretary," after "part-time employment";

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

"(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title and meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution on less than a full-time basis, or (B) independent students, a reasonable portion of the allocation shall be made available to such students;";

(3) in paragraph (5)—

(A) by striking "provide that" and inserting "(A) provide that";

(B) by striking "1993–1994" and inserting "1999–2000"; and

(C) by inserting "and (B) provide that the Federal share of the compensation of students employed in community service shall not exceed

90 percent for academic years 1999–2000 and succeeding academic years,'' after ''academic years,''; and

(4) in paragraph (6), by striking '', and to make'' and all that follows through ''such employment''.

SEC. 443. WORK COLLEGES.

Section 448 (20 U.S.C. 2756b) is amended—

(1) in subsection (b)(2)—

(A) in subparagraph (C), by striking ''and'' after the semicolon;

(B) in subparagraph (D)(ii), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

''(E) coordinate and carry out joint projects and activities to promote work service learning; and

''(F) carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.''; and

(2) in subsection (f), by striking "$5,000,000 for fiscal year 1993" and inserting "$7,000,000 for fiscal year 1999".

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

SEC. 451. SELECTION OF INSTITUTIONS.

Section 453(c) (20 U.S.C. 1087c(c)) is amended—

(1) in paragraph (2)—

(A) in the paragraph heading, by striking "TRANSITION";

(B) by striking subparagraph (E); and

(C) by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively; and

(2) in paragraph (3)—

(A) in the paragraph heading, by striking "AFTER TRANSITION"; and

(B) by striking "For academic year 1995–1996 and subsequent academic years, the" and inserting "The".

SEC. 452. TERMS AND CONDITIONS.

(a) DIRECT LOAN INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended by amending paragraph (5) to read as follows:

"(5) INTEREST RATE PROVISION.—

"(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

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

"(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

"(i) prior to the beginning of the repayment period of the loan; or

"(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting '1.7 percent' for '2.3 percent'.

"(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under subparagraph (A)—

"(i) by substituting '3.1 percent' for '2.3 percent'; and

"(ii) by substituting '9.0 percent' for '8.25 percent'.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

(c) REPAYMENT INCENTIVES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended further by adding at the end the following:

"(7) REPAYMENT INCENTIVES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

"(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that

any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.".

SEC. 453. CONTRACTS.

Section 456(b) (20 U.S.C. 1087f(b)) is amended—

(1) in paragraph (3), by inserting "and" after the semicolon;

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.

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

(1) by amending subsection (a) to read as follows:

"(a) ADMINISTRATIVE EXPENSES.—

"(1) IN GENERAL.—Each fiscal year there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

"(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part; and

"(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with subsections (b) and (c),

not to exceed (from such funds not otherwise appropriated) $612,000,000 in fiscal year 1999, $730,000,000 in fiscal year 2000, $765,000,000 in fiscal year 2001, $770,000,000 in fiscal year 2002, and $785,000,000 in fiscal year 2003.

"(2) ACCOUNT MAINTENANCE FEES.—Account maintenance fees under paragraph (1)(B) shall be paid quarterly and deposited in the Agency Operating Fund established under section 422B.

"(3) CARRYOVER.—The Secretary may carry over funds made available under this section to a subsequent fiscal year.";

(2) by amending subsection (b) to read as follows:

"(b) CALCULATION BASIS.—Except as provided in subsection (c), account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated—

"(1) for fiscal years 1999 and 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B; and

"(2) for fiscal year 2001, 2002, and 2003, on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.";

(3) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(4) by inserting after subsection (b) the following:

"(c) SPECIAL RULES.—

"(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

"(A) for fiscal year 1999, shall not exceed $177,000,000;

"(B) for fiscal year 2000, shall not exceed $180,000,000;

"(C) for fiscal year 2001, shall not exceed $170,000,000;

"(D) for fiscal year 2002, shall not exceed $180,000,000; and

"(E) for fiscal year 2003, shall not exceed $195,000,000.

"(2) INSUFFICIENT FUNDING.—

"(A) IN GENERAL.—Notwithstanding section 422A(d), if the amount made available under subsection (a) is insufficient to pay the ac-

count maintenance fees payable to guaranty agencies under paragraph (1) for a fiscal year, the Secretary shall pay the insufficiency by requiring guaranty agencies to transfer funds from the Federal Student Loan Reserve Funds under section 422A to the Agency Operating Funds under section 422B.

"(B) ENTITLEMENT.—A guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of subparagraph (A).".

SEC. 455. LOAN CANCELLATION FOR TEACHERS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:

"SEC. 459. LOAN CANCELLATION FOR TEACHERS.

"(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

"(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of canceling the obligation to repay a Federal Direct Stafford/Ford Loan made under this part that is eligible for an interest subsidy and is a qualifying loan, for any new borrower on or after October 1, 1998, who—

"(1) has been employed as a full-time teacher for 3 consecutive complete school years—

"(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

"(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and

"(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

"(2) is not in default on a loan for which the borrower seeks forgiveness.

"(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

"(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

"(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

"(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(e) LOAN CANCELLATION DURING CONTINUING TEACHING SERVICE.—

"(1) IN GENERAL.—The Secretary shall cancel the obligation to repay—

"(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Direct Stafford/Ford loans that are qualifying loans and are owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

"(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

"(C) a total amount for any borrower that shall not exceed $8,000.

"(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any canceled loan.

"(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(g) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

"(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

"(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (b).".

PART E—FEDERAL PERKINS LOANS

SEC. 461. AUTHORIZATION OF APPROPRIATIONS.

Subsection (b) of section 461 (20 U.S.C. 1087aa) is amended—

(1) in paragraph (1), by striking "1993" and inserting "1999"; and

(2) in paragraph (2), by striking "1997" each place the term appears and inserting "2003".

SEC. 462. ALLOCATION OF FUNDS.

(a) AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter preceding subparagraph (A) of subsection (d)(3), by striking "the Secretary, for" and all that follows through "years,";

(2) by amending subsection (f) to read as follows:

"(f) DEFAULT PENALTIES.—

"(1) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) that equals or exceeds 25 percent shall have a default penalty of zero.

"(2) INELIGIBILITY.—

"(A) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined in subsection (h)) that equals or exceeds 50 percent for each of the 3 most recent years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and the 2 succeeding fiscal years, unless, within 30 days of

receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after the submission of the appeal. Such decision may permit the institution to continue to participate in a program under this part if—

"(i) the institution demonstrates to the satisfaction of the Secretary that the calculation of the institution's cohort default rate is not accurate, and that recalculation would reduce the institution's cohort default rate for any of the 3 fiscal years below 50 percent; or

"(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances such as a small number of borrowers entering repayment, that would make the application of this subparagraph inequitable.

"(B) CONTINUED PARTICIPATION.—During an appeal under subparagraph (A), the Secretary may permit the institution to continue to participate in a program under this part.

"(C) DEFINITION.—For the purposes of subparagraph (A), the term 'loss of eligibility' shall be defined as the mandatory liquidation of an institution's student loan fund, and assignment of the institution's outstanding loan portfolio to the Secretary.";

(3) by amending paragraph (1) of subsection (g) to read as follows: "(1) For award year 1998 and subsequent years, the maximum cohort default rate is 25 percent."; and

(4) in subsection (h)—

(A) in the subsection heading, by striking "DEFINITIONS OF DEFAULT RATE AND" and inserting "DEFINITION OF";

(B) by striking paragraphs (1) and (2);

(C) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively;

(D) in paragraph (1) (as redesignated by subparagraph (C))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively; and

(E) in the matter preceding subparagraph (A) of paragraph (2) (as redesignated by sub-

paragraph (C)), by striking "A loan" and inserting "For purposes of calculating the cohort default rate under this subsection, a loan".

(b) CONFORMING AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter following paragraphs (1)(B) and (2)(D)(ii) of subsection (a), by inserting "cohort" before "default" each place the term appears;

(2) in the matter following paragraphs (2)(B) and (3)(C) of subsection (c), by inserting "cohort" before "default" each place the term appears;

(3) in subsection (e)(2), by inserting "cohort" before "default"; and

(4) in subsection (h)(1)(F) (as redesignated by subparagraphs (C) and (D)(ii) of subsection (a)(4)), by inserting "cohort" before "default".

SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

Section 463 (20 U.S.C. 1087cc) is amended—

(1) by amending subparagraph (B) of subsection (a)(2) to read as follows:

"(B) a capital contribution by an institution in an amount equal to one-third of the Federal capital contributions described in subparagraph (A);";

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "by the Secretary" and all that follows through "of—" and inserting "by the Secretary or an institution, as the case may be, to such organizations, with respect to any loan held by the Secretary or the institution, respectively, of—";

(ii) by amending subparagraph (A) to read as follows:

"(A) the date of disbursement and the amount of such loans made to any borrower under this part at the time of disbursement of the loan;";

(iii) in subparagraph (B)—

(I) by inserting "the repayment and" after "concerning"; and

(II) by striking "any defaulted" and inserting "such"; and

(iv) in subparagraph (C), by inserting ", or upon cancellation or discharge of the borrower's obligation on the loan for any reason" before the period;

(B) in paragraph (3)—

(i) in the matter preceding subparagraph (A), by striking "until—" and inserting "until the loan is paid in full."; and

(ii) by striking subparagraphs (A) and (B); and

(C) by amending paragraph (4) to read as follows:

"(4)(A) Except as provided in subparagraph (B), an institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement the information set forth in paragraph (2), and shall disclose promptly to such credit bureau organization any changes to the information previously disclosed.

"(B) The Secretary may promulgate regulations establishing criteria under which an institution of higher education may cease reporting the information described in paragraph (2) before a loan is paid in full.".

SEC. 464. TERMS OF LOANS.

Section 464 (20 U.S.C. 1087dd) is amended—

(1) in subsection (a), by amending paragraph (2) to read as follows:

"(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

"(i) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

"(ii) $6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

"(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(i) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

"(ii) $20,000, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary, and including any loans from such funds made to such person before such person became such a student); and

"(iii) $8,000, in the case of any other student.

"(C)(i) The total of loans made to a student described in clause (ii) in any academic year or its equivalent by an institution of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(I) $8,000 for each of the third and fourth years of the program of instruction leading to a bachelor's degree; or

"(II) $10,000 for the first year of graduate study (as defined in regulations issued by the Secretary).

"(ii) A student referred to in clause (i) is any student—

"(I) who is a junior in a program of instruction leading to a bachelor's degree;

"(II) who states in writing that the student will pursue a course of study to become an elementary or secondary school teacher; and

"(III) who states in writing that the student intends to become a full-time teacher in a school which meets the requirements of section 465(a)(2)(A).

"(iii) Each institution shall provide a report to the Secretary annually containing the number of loans under this subparagraph that are made, the amount of each loan, and whether students benefiting from the higher loan limits met the requirements for receiving those loans.

"(iv) If 3 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary determines that an institution has engaged in a pattern of abuse of this subparagraph, the Secretary may reduce or terminate the institution's Federal capital contribution.";

(2) in subsection (b), by amending paragraph (2) to read as follows:

"(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full

time; or (B) independent students, a reasonable portion of the loans made from the institution's student loan fund containing the contribution shall be made available to such students.";

(3) in subsection (c)(1)—

(A) in subparagraph (D), by striking "(i) 3 percent" and all that follows through "or (iii)";

(B) by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively; and

(C) by inserting after subparagraph (G) the following:

"(H) shall provide that, in the case of a loan made on or after July 1, 1999, the loan shall be considered in default (except as otherwise provided in section 462(h)) if the borrower of a loan made under this part fails to make an installment payment when due, or to meet any other term of the promissory note or written repayment agreement, and such failure persists for—

"(i) 180 days in the case of a loan that is repayable in monthly installments; or

"(ii) 240 days in the case of a loan that is repayable in less frequent installments;";

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

"(7) There shall be excluded from the 9-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in paragraph (1)(A) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period."; and

(5) by adding at the end the following:

"(g) DISCHARGE.—

"(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including the interest

and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and the institution's affiliates and principals, or settle the loan obligation pursuant to the financial responsibility standards described in section 498(c).

"(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund in an amount that does not exceed the amount discharged against the institution and the institution's affiliates and principals.

"(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period during which a student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

"(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan).

"(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.

"(h) REHABILITATION OF LOANS.—

"(1) REHABILITATION.—

"(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes 12 ontime, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit bureau organization or credit reporting agency to which the default was reported to remove the default from the borrower's credit history.

"(B) COMPARABLE CONDITIONS.—As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

"(C) ADDITIONAL ASSISTANCE.—The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which the borrower is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

"(D) LIMITATIONS.—A borrower only once may obtain the benefit of this paragraph with respect to rehabilitating a loan under this part.

"(2) RESTORATION OF ELIGIBILITY.—If the borrower of a loan made under this part who has defaulted on that loan makes 6 ontime, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower only once may obtain the benefit of this paragraph with respect to restored eligibility.

"(i) INCENTIVE REPAYMENT PROGRAM.—

"(1) IN GENERAL.—Each institution of higher education may establish, with the approval of the Secretary, an incentive repayment program designed to reduce default and to replenish student loan funds established under this part. Each such incentive repayment program may—

"(A) offer a reduction of the interest rate on a loan on which the borrower has made 48 ontime, consecutive, monthly repayments, but in no event may the rate be reduced by more than 1 percent;

"(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event may the discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

"(C) include such other incentive repayment options as the institution determines will carry out the objectives of this subsection.

"(2) LIMITATION.—No incentive repayment option under an incentive repayment program authorized by this subsection may be paid for with Federal funds, including any Federal funds from the student loan fund, nor can an incentive repayment option be paid for with institutional funds from the student loan fund.".

SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

Section 466 (20 U.S.C. 1087ff) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking "1996" and inserting "2003"; and

(ii) by striking "1997" and inserting "2004"; and

(B) in paragraph (1), by striking "1996" and inserting "2003";

(2) in subsection (b)—

(A) by striking "2005" and inserting "2012"; and

(B) by striking "1996" and inserting "2003"; and

(3) in subsection (c), by striking "1997" and inserting "2004".

SEC. 466. PERKINS LOAN REVOLVING FUND.

(a) REPEAL.—Subsection (c) of section 467 (20 U.S.C. 1087gg(c)) is repealed.

(b) TRANSFER OF BALANCE.—Any funds in the Perkins Loan Revolving Fund on the date of enactment of this Act shall be transferred to and deposited in the Treasury.

PART F—NEED ANALYSIS

SEC. 471. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087ll) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking "of not less than $1,500" and inserting "determined by the institution"; and

(B) in subparagraph (C), by striking ", except that the amount may not be less than $2,500"; and

(2) in paragraph (11), by striking "placed" and inserting "engaged".

SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

Section 475 (20 U.S.C. 1087oo) is amended—

(1) in subsection (g)—

(A) in paragraph (2)—

(i) in subparagraph (D)—

(I) by striking "$1,750" and inserting "$2,200"; and

(II) by striking "and" after the semicolon;

(ii) in subparagraph (E), by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(F) an allowance for parents' negative available income, determined in accordance with paragraph (6)."; and

(B) by adding at the end the following:

"(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (1) exceeds the parents' total income (as defined in section 480)."; and

(2) by adding at the end the following:

"(j) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than 9 months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing the amount determined under such subsection by 9, and multiplying the result by the number of months in the period of enrollment.".

SEC. 473. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

Section 476(b)(1)(A)(iv) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended—

(1) in subclause (I), by striking "$3,000" and inserting "$4,250";

(2) in subclause (II), by striking "$3,000" and inserting "$4,250"; and

(3) in subclause (III), by striking "$6,000" and inserting "$7,250".

SEC. 474. REGULATIONS; UPDATED TABLES AND AMOUNTS.

Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) by striking "For each academic year" and inserting the following:

"(1) REVISED TABLES.—For each academic year"; and

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

"(2) REVISED AMOUNTS.—For each academic year after academic year 1999–2000, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a per-

centage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1998 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.''.

SEC. 475. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.

Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking ''or'' after the semicolon;

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following:

''(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a form described in this paragraph only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph (A); or''; and

(2) in subsection (c)—

(A) in paragraph (1), by amending subparagraph (A) to read as follows:

"(A)(i) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or the parents certify to the Secretary that the parents are not required to file an income tax return; and

"(ii) the student files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student is not required to file an income tax return; and"; and

(B) in paragraph (2), by amending subparagraph (A) to read as follows:

"(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student (and the student's spouse, if any) is not required to file an income tax return; and".

SEC. 476. REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.

Section 479A (20 U.S.C. 1087tt) is amended—

(1) in subsection (a), by inserting "Special circumstances may include tuition expenses at an elementary school or secondary school, medical or dental expenses not covered by insurance, other changes in a family's income or assets, or changes in a student's status." after "absence of special circumstances."; and

(2) by amending subsection (c) to read as follows:

"(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—An eligible institution may refuse to certify a statement that permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or disability status.".

SEC. 477. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting "educational assistance after discharge or release from service under chapter 30 of title 38, United States Code, or" after "paragraph (1),".

PART G—GENERAL PROVISIONS

SEC. 481. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

Subparagraph (A) of section 481(a)(2) (20 U.S.C. 1088(a)(2)) is amended—

(1) in the second sentence, by inserting "or veterinary" after "case of a graduate medical";

(2) by striking "attending a graduate medical school" and inserting "attending such school"; and

(3) by amending clause (ii) to read as follows:

"(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992, or students enrolled in the institution complete their clinical training at an approved veterinary school located in the United States.".

SEC. 482. MASTER CALENDAR.

Section 482 (20 U.S.C. 1089) is amended—

(1) in subsection (a), by adding at the end the following:

"(3) To the extent feasible, the Secretary shall notify eligible institutions and vendors by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title."; and

(2) by amending subsection (c) to read as follows:

"(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—(1) Except as provided in paragraph (2), any regulatory changes initiated by the Secretary affecting the programs under this title that have not been published in final form by November 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such November 1 date.

"(2)(A) The Secretary may designate any regulatory provision that affects the programs under this title and is published in final form after November 1 as one that an entity subject to the provision may, in the entity's discretion, choose to implement prior to the effective date described in paragraph (1). The Secretary may specify in the designation when, and under what conditions, an entity may implement the provision prior to that effective date. The Secretary shall publish any designation under this subparagraph in the Federal Register.

"(B) If an entity chooses to implement a regulatory provision prior to the effective date described in paragraph (1), as permitted by subparagraph (A), the provision shall be effective with respect to that entity in accordance with the terms of the Secretary's designation.".

SEC. 483. FORMS AND REGULATIONS.

Section 483 (20 U.S.C. 1090) is amended—

(1) in subsection (a)—

(A) in the subsection heading, by striking "FORM" and inserting "FORM DEVELOPMENT";

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

"(1) SINGLE FORM REQUIREMENTS.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form (which shall include electronic versions of the form) to be used—

"(A) to determine the need (including the expected family contribution and, if appropriate, cost of attendance) and eligibility of a student for financial assistance under parts A, C, D, and E; and

"(B) to determine the need (including the expected family contribution and cost of attendance) of a student for the purposes of part B.

"(2) STATE DATA ITEMS.—The Secretary shall include on the form developed under this subsection such data items, selected in consultation with the States to assist the States in awarding State student

financial assistance, as the Secretary determines are appropriate for inclusion.

"(3) PARENT'S SOCIAL SECURITY NUMBER.—The Secretary shall include on the form developed under this paragraph space for the social security number of parents of dependent students seeking financial assistance under this title.

"(4) USE.—The Secretary shall require that the form developed under this paragraph be used for the purpose of collecting eligibility and other data for purposes of part B, including the applicant's choice of lender."; and

(C) in paragraph (3)—

(i) by striking "Institutions of higher education and States shall receive" and inserting "The Secretary shall provide"; and

(ii) by striking "by the Secretary"; and

(2) by adding at the end the following:

"(g) PAYMENT FOR DATA.—The Secretary may pay such charges as the Secretary determines are necessary to obtain data that the Secretary considers essential to the efficient administration of the programs under this title.

"(h) MASTER PROMISSORY NOTE.—

"(1) IN GENERAL.—The Secretary shall develop and require the use of a master promissory note, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, that may be applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing the master promissory note for all loans made under this title, the Secretary may develop, test, and require the use of such a master promissory note on a limited or pilot basis.

"(2) CONSULTATION.—In developing the master promissory note under this subsection, the Secretary shall consult with representatives of guaranty agencies, eligible lenders, institutions of higher education, students, and organizations involved in student financial assistance.

"(3) SALE; ASSIGNMENT; ENFORCEABILITY.—Notwithstanding any other provision of law, each loan made under a master promissory note under this subsection may be sold or assigned independently of any other loan made under the same promissory note and each such loan shall be separately enforceable in all Federal and State courts on the basis of an original or copy of the master promissory note in accordance with the terms of the master promissory note.".

SEC. 484. STUDENT ELIGIBILITY.

(a) AMENDMENTS.—Section 484 (20 U.S.C. 1091) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking "either"; and

(B) by adding at the end the following:

"(3) The student has completed a high school education in a home school setting and has met any State requirements with respect to such education in a home school setting.";

(2) in subsection (l), by amending paragraph (1) to read as follows:

"(1) RELATION TO CORRESPONDENCE COURSES.—

"(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate for a program of study of 1 year or longer, or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds

50 percent of the total amount of all courses at the institution.

"(B) REQUIREMENT.—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

"(i) that is not an institute or school described in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act; and

"(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree."; and

(3) by adding at the end the following:

"(q) VERIFICATION OF IRS RETURN INFORMATION.—The Secretary shall verify the information reported by all applicants for assistance on the form prescribed under section 483 with the return information (as defined in section 6103 of the Internal Revenue Code of 1986) available to the Secretary of the Treasury. Notwithstanding section 6103 of such Code the Secretary of the Treasury shall provide the return information to the Secretary. In the case of a dependent student the return information shall include the return information of the parent of the student. The form

prescribed by the Secretary under section 483 shall contain a prominent notice of the verification of the information and a warning to all the applicants of the penalties for misrepresentation, with respect to the information, under the United States Code.

"(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

"(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

"If convicted of an offense involving:

The possession of a controlled substance:	***Ineligibility period is:***
First offense	*1 year*
Second offense	*2 years*
Third offense	*Indefinite.*

The sale of a controlled substance:	***Ineligibility period is:***
First offense	*2 years*
Second offense	*Indefinite.*

"(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the ineligibility period determined under such paragraph if—

"(A) the student satisfactorily completes a drug rehabilitation program that—

"(i) complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph; and

"(ii) includes 2 unannounced drug tests; or

"(B) the conviction is expunged by pardon, reversed, set aside, or otherwise rendered nugatory.

"(3) DEFINITIONS.—In this subsection, the term 'controlled substance' has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) regarding suspension of eligibility for drug-related offenses, shall apply with respect to financial assistance to cover the costs of attendance for periods of enrollment beginning after the date of enactment of this Act.

SEC. 485. INSTITUTIONAL REFUNDS.

Section 484B (20 U.S.C. 1091b) is amended to read as follows:

"SEC. 484B. INSTITUTIONAL REFUNDS.

"(a) RETURN OF TITLE IV FUNDS.—

"(1) IN GENERAL.—If a recipient of assistance under this title withdraws from a payment period in which the recipient began attendance, the amount of

grant (other than assistance received under part C of this title) or loan assistance to be returned to the title IV programs is calculated according to paragraph (2) and returned in accordance with subsection (b).

"(2) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

"(A) IN GENERAL.—The amount of grant or loan assistance under this title that is earned by the recipient for purposes of this section is calculated by—

"(i) determining the percentage of grant and loan assistance under this title that has been earned by the student, as described in subparagraph (B); and

"(ii) applying such percentage to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

"(B) PERCENTAGE EARNED.—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

"(i) equal to the percentage of the payment period completed (as determined in accordance with subsection (d)) as of the day the student withdrew, provided that such date occurs on or before the completion of 60 percent of the payment period; or

"(ii) 100 percent, if the day the student withdrew occurs after the student has completed 60 percent of the payment period.

"(C) PERCENTAGE NOT EARNED.—For purposes of subsection (b), the amount of grant and loan assistance awarded under this title that has not been earned by the student shall be calculated by—

"(i) determining the complement of the percentage of grant or loan assistance under this title has been earned by the student described in subparagraph (B); and

"(ii) applying the percentage determined under clause (i) to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

"(3) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

"(A) IN GENERAL.—If the student has received less grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the institution of higher education shall comply with the procedures for late disbursement specified by the Secretary in regulations.

"(B) RETURN.—If the student has received more grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the unearned funds shall be returned by the institution or the student, or both, as may be required under paragraphs (1) and (2) of subsection (b), to the programs under this title in the order specified in subsection (b)(3).

"(b) RETURN OF TITLE IV PROGRAM FUNDS.—

"(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return, in the order specified in paragraph (3), the lesser of—

"(A) the amount of grant and loan assistance awarded under this title that has not been earned by the student, as calculated under subsection (a)(2)(C); or

"(B) an amount equal to—

"(i) the total institutional charges for the payment period; multiplied by

"(ii) the percentage of grant and loan assistance awarded under this title that has not been earned by the student, as described in subsection (a)(2)(C).

"(2) RESPONSIBILITY OF THE STUDENT.—

"(A) IN GENERAL.—The student shall return assistance that has not been earned by the student as described in subsection (a)(2)(C) in the order specified in paragraph (3) minus the amount the institution is required to return under paragraph (1).

"(B) SPECIAL RULE.—The student shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

"(i) a loan program under this title in accordance with the terms of the loan; and

"(ii) a grant program under this title, as an overpayment of such grant and shall be subject to overpayment collection procedures prescribed by the Secretary.

"(3) ORDER OF RETURN OF TITLE IV FUNDS.—

"(A) IN GENERAL.—Excess funds returned by the institution or the student, as appropriate,

in accordance with paragraph (1) or (2), respectively, shall be credited to outstanding balances on loans made under this title to the student or on behalf of the student for the payment period for which a return of funds is required. Such excess funds shall be credited in the following order:

"(i) To outstanding balances on loans made under section 428H for the payment period for which a return of funds is required.

"(ii) To outstanding balances on loans made under section 428 for the payment period for which a return of funds is required.

"(iii) To outstanding balances on unsubsidized loans (other than parent loans) made under part D for the payment period for which a return of funds is required.

"(iv) To outstanding balances on subsidized loans made under part D for the payment period for which a return of funds is required.

"(v) To outstanding balances on loans made under part E for the payment period for which a return of funds is required.

"(vi) To outstanding balances on loans made under section 428B for the payment period for which a return of funds is required.

"(vii) To outstanding balances on parent loans made under part D for the payment period for which a return of funds is required.

"(B) REMAINING EXCESSES.—If excess funds remain after repaying all outstanding loan amounts, the remaining excess shall be credited in the following order:

"(i) To awards under subpart 1 of part A for the payment period for which a return of funds is required.

"(ii) To awards under subpart 3 of part A for the payment period for which a return of funds is required.

"(iii) To other assistance awarded under this title for which a return of funds is required.

"(c) WITHDRAWAL DATE.—

"(1) IN GENERAL.—In this section, the term 'day the student withdrew'—

"(A) is the date that the institution determines—

"(i) the student began the withdrawal process prescribed by the institution;

"(ii) the student otherwise provided official notification to the institution of the intent to withdraw; or

"(iii) in the case of a student who does not begin the withdrawal process or otherwise notify the institution of the intent to withdraw, the date that the payment period ends for which aid under this title was disbursed; or

"(B) for schools required to take attendance, is determined by the institution from such attendance records.

"(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student was not able to begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the institution may determine the appropriate withdrawal date.

"(d) PERCENTAGE OF THE PAYMENT PERIOD COMPLETED.—For purposes of subsection (a)(2)(B)(i), the percentage of the payment period completed is determined—

"(1) in the case of a program that is measured in credit hours, by dividing the total number of calendar days comprising the payment period into the number of calendar days completed in that period as of the day the student withdrew; and

"(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period into the number of clock hours completed by the student in that payment period as of the day the student withdrew.".

SEC. 486. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—Section 485(a) (20 U.S.C. 1092(a)) is amended—

(1) in paragraph (1)—

(A) in the second sentence, by striking ", through appropriate publications and mailings, to all current students, and to any prospective student upon request." and inserting "upon request, through appropriate publications, mailings, and electronic media to an enrolled student, and to any prospective student.";

(B) by inserting after the second sentence the following: "Each eligible institution annually shall provide to all students enrolled at the institution, a list of the information that is required by this section, together with a statement of the procedures required to obtain the information.";

(C) by amending subparagraph (F) to read as follows:

"(F) a statement of—

"(i) the requirements of any refund policy with which the institution is required to comply;

"(ii) the requirements under section 484B for the return of grant or loan assistance provided under this title; and

"(iii) the requirements for officially withdrawing from the institution;";

(D) in subparagraph (M)(ii), by striking "and" after the semicolon; and

(E) in subparagraph (N), by striking the period and inserting "; and";

(2) in paragraph (2), by inserting "an application for" after "concerning"; and

(3) in paragraph (3), by amending subparagraph (A) to read as follows:

"(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and".

(b) EXIT COUNSELING FOR BORROWERS.—Section 485(b) (20 U.S.C. 1092(b)) is amended—

(1) in paragraph (1)(A), by striking "(individually or in groups)"; and

(2) in paragraph (2), by adding at the end the following:

"(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means to provide personalized exit counseling.".

(c) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—Section 485(e) (20 U.S.C. 1092(e)) is amended—

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

"(2) When an institution described in paragraph (1) offers a potential student athlete athletically related student aid, such institution shall provide to the student, the student's parents, the student's guidance counselor, and the student's coach the information contained in the report submitted by such institution pursuant to paragraph (1). If the institution is a

member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions, that the Secretary determines is substantially comparable to the information described in the previous sentence, the distribution of the compilation to all secondary schools shall fulfill the responsibility of the institution to provide the information to a prospective student athlete's guidance counselor and coach."; and

(2) by amending paragraph (9) to read as follows:

"(9) The reports required by this subsection shall be due each July 1 and shall cover the 1-year period ending August 31 of the preceding year.".

(d) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C. 1092(f)) is amended—

(1) by amending subparagraph (F) of paragraph (1) to read as follows:

"(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available—

"(i) of the following criminal offenses reported to campus security authorities or local police agencies—

"(I) homicide, including murder or nonnegligent manslaughter or negligent manslaughter;

"(II) sex offenses, forcible or nonforcible;

"(III) robbery;

"(IV) aggravated assault;

"(V) burglary;

"(VI) motor vehicle theft; and

"(VII) arson;

"(ii) of the crimes described in subclauses (I) through (VII), and vandalism and simple assault, that manifest evidence of prejudice based on actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability that are reported to campus security authorities or local police agencies, which data shall be collected and reported according to category of prejudice.";

(2) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

(3) by inserting after paragraph (3) the following:

"(4)(A) Each institution participating in any program under this title which maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording all crimes reported to such police or security department, including—

"(i) the nature, date, time, and general location of each crime; and

"(ii) the disposition of the complaint, if known.

"(B)(i) All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law or such disclosure would jeopardize the confidentiality of the victim, be open to public inspection within 2 business days of the initial report being made to the department or a campus security authority.

"(ii) If new information about an entry into a log becomes available to a police or security department, then the new information shall be recorded in the log not later than 2 business days after the infor-

mation becomes available to the police or security department.

"(iii) Where there is clear and convincing evidence that the release of such information would jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence, such information may be withheld until that damage is no longer likely to occur from the release of such information.

"(iv) Notwithstanding clause (iii), an institution of higher education shall record all criminal incidents occurring on campus and shall make the reports open to public inspection not later than 2 business days after the requirements of clause (iii) are met.";

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: "(A) For purposes of this section the term 'campus' means—

"(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution,

but controlled by another person, such as a food or other retail vendor;

"(ii) any building or property owned or controlled by a student organization recognized by the institution;

"(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

"(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

"(v) all dormitories or other student residential facilities owned or controlled by the institution.";

(5) in paragraph (7) (as redesignated by subparagraph (B)), by inserting at the end the following: "Such statistics shall not identify victims of crimes or

persons accused of crimes, except as required by State or local law."; and

(6) by adding at the end the following:

"(9) STUDY.—

"(A) IN GENERAL.—The Secretary, in consultation with the Attorney General, shall provide for a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault.

"(B) REPORT.—The study required by subparagraph (A) shall include an analysis of—

"(i) the existence and publication of the institution of higher education's and State's definition of sexual assault;

"(ii) the existence and publication of the institution's policy for campus sexual assaults;

"(iii) the individuals to whom reports of sexual assault are given most often and—

"(I) how the individuals are trained to respond to the reports; and

"(II) the extent to which the individuals are trained;

"(iv) the reporting options that are articulated to the victim or victims of the sexual assault regarding—

"(I) on-campus reporting and procedure options; and

"(II) off-campus reporting and procedure options;

"(v) the resources available for victims' safety, support, medical health, and confidentiality, including—

"(I) how well the resources are articulated both specifically to the victim of sexual assault and generally to the campus at large; and

"(II) the security of the resources in terms of confidentiality or reputation;

"(vi) policies and practices that may prevent or discourage the reporting of campus sexual assaults to local crime authorities, or that may otherwise obstruct justice or interfere with the prosecution of perpetrators of campus sexual assaults;

"(vii) policies and practices found successful in aiding the report and any ensu-

ing investigation or prosecution of a campus sexual assault;

"(viii) the on-campus procedures for investigation and disciplining the perpetrator of a sexual assault, including—

"(I) the format for collecting evidence; and

"(II) the format of the investigation and disciplinary proceeding, including the faculty responsible for running the disciplinary procedure and the persons allowed to attend the disciplinary procedure; and

"(ix) types of punishment for offenders, including—

"(I) whether the case is directed outside for further punishment; and

"(II) how the institution punishes perpetrators.

"(C) SUBMISSION OF REPORT.—The report required by subparagraph (B) shall be submitted to Congress not later than September 1, 1999.

"(D) DEFINITION.—For purposes of this section, the term 'campus sexual assaults' means sexual assaults occurring at institutions of high-

er education and sexual assaults committed against or by students or employees of such institutions.

"(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 1999.

"(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

"(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

"(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

"(ii) technical assistance.

"(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

"(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

"(B) in dormitories or other residential facilities for students on campus.

"(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

"(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

"(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection,

the Secretary shall impose a civil penalty upon the institution of not to exceed $25,000 for each violation, failure, or misrepresentation.

"(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of

such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

"(13)(A) Nothing in this subsection may be construed to—

"(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

"(ii) establish any standard of care.

"(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

"(14) This subsection may be cited as the 'Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act'.".

(e) DATA REQUIRED.—Section 485(g) (20 U.S.C. 1092(g)) is amended—

(1) in paragraph (1), by adding at the end the following:

"(I)(i) The total revenues, and the revenues from football, men's basketball, women's basket-

ball, all other men's sports combined, and all other women's sports combined, derived by the institution from the institution's intercollegiate athletics activities.

"(ii) For the purpose of clause (i) revenues from intercollegiate athletics activities allocable to a sport shall include, without limitation, gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, except that revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

"(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, made by the institution for the institution's intercollegiate athletics activities.

"(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, except that expenses such as general and admin-

istrative overhead not so allocable shall be included in the calculation of total expenses only.".

(2) by striking paragraph (5);

(3) by redesignating paragraph (4) as paragraph (5); and

(4) by inserting after paragraph (3) the following:

"(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) Each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.

"(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) for each year by April 1 of the year. The report shall—

"(i) summarize the information and identify trends in the information;

"(ii) aggregate the information by divisions of the National Collegiate Athletic Association; and

"(iii) contain information on each individual institution of higher education.

"(C) The Secretary shall ensure that the report described in subparagraph (B) is made available on the Internet within a reasonable period of time.

"(D) The Secretary shall notify, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, all secondary schools in all States regarding the availability of the information reported under subparagraph (B) and the information made available under paragraph (1), and how such information may be accessed.".

(f) GEPA AMENDMENT.—Section 444(a)(4)(B) of the General Education Provisions Act (20 U.S.C. 1232g(a)(4)(B)) is amended—

(1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(2) by inserting after clause (ii) the following:

"(iii) records that are maintained by local police or campus security officers of an educational agency or institution about—

"(I) individuals who have been found guilty of, or have pled guilty to, committing or participating in any criminal activity as defined in Federal, State, or local law that has occurred while the individual was a stu-

dent in attendance, including audit or noncredit, at an educational institution; and

"(II) findings of guilt of criminal misconduct and related sanctions from any previously attended educational agencies or institutions where such records were created on or after September 1, 1999;".

SEC. 487. NATIONAL STUDENT LOAN DATA BANK SYSTEM.

Section 485B (20 U.S.C. 1092b) is amended by adding at the end the following:

"(h) STUDENT STATUS CONFIRMATION REPORT.—In order to reduce unnecessary paperwork and to increase the efficient administration, the Secretary shall assure that borrowers under part E are included in the Student Status Confirmation Report in the same manner as borrowers under parts B and D.".

SEC. 488. TRAINING IN FINANCIAL AID SERVICES.

Section 486 (20 U.S.C. 1093) is amended to read as follows:

"SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDUCATION.

"(a) IN GENERAL.—For the purpose of providing comparative information to families about the costs of higher education—

"(1) the National Center for Education Statistics shall—

"(A) develop a standard definition for the following data elements:

"(i) Tuition and fees for a full-time undergraduate student.

"(ii) Cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472.

"(iii) Average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

"(I) each type of assistance or benefit described in section 428(a)(2)(C)(i);

"(II) fellowships; and

"(III) institutional and other assistance.

"(iv) Percentage of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

"(B) report the definitions to each institution of higher education and the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 90 days after the date of enactment of the Higher Education Amendments of 1998;

"(C) collect information regarding the data elements described in subparagraph (A) with respect to at least all institutions of higher education participating in the program under this title, and make available the information each year in a timely fashion through the integrated postsecondary education data system, beginning with the information from the 1999–2000 academic year;

"(D) provide the public notice when the information described in subparagraph (C) is available for public inspection; and

"(E) publish in a timely fashion a report after the third year of collection of the information described in subparagraph (C) that com-

pares the information described in subparagraph (C) longitudinally by institution, which information shall be presented in a form that is easily understandable, including clear definitions of the data elements described in subparagraph (A), to allow parents and students to make informed decisions about attending college; and

"(2) institutions of higher education shall provide information regarding each data element described in paragraph (1)(A) to the National Center for Education Statistics by March 1 of each year, beginning in the year 2000.

"(b) STUDY.—

"(1) IN GENERAL.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information about—

"(A) expenditures for—

"(i) faculty salaries and benefits;

"(ii) administrative salaries, benefits, and expenses;

"(iii) academic support services;

"(iv) research;

"(v) operations and maintenance;

"(vi) construction; and

"(vii) technology;

"(B) the replacement cost of instructional buildings and equipment;

"(C) how the expenditures described in subparagraph (A) change over time; and

"(D) how the expenditures described in subparagraph (A) and the replacement cost described in subparagraph (B) relate to college costs.

"(2) FINAL REPORT.—The National Center for Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2001.

"(c) HIGHER EDUCATION MARKET BASKET.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall develop a Higher Education Market Basket that identifies the items that comprise the costs of higher education. The National Center for Education Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce

of the House of Representatives not later than September 30, 2002.

"(d) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failure to provide the information described in subsection (a)(2) in a timely or accurate manner, or for failure to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under such subsection.".

SEC. 489. PROGRAM PARTICIPATION AGREEMENTS.

(a) IN GENERAL.—Section 487 (20 U.S.C. 1094) is amended—

(1) in subsection (a)—

(A) in paragraph (3)—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(B) in paragraph (9), by striking "part B" and inserting "part B or D";

(C) in paragraph (14)—

(i) in subparagraph (A), by striking "part B" and inserting "part B or D"; and

(ii) in subparagraph (B)—

(I) by inserting "for-profit" after "Any";

(II) by striking "and any eligible institution which" and inserting "or"; and

(III) by striking "part B" and inserting "part B or D";

(D) in paragraph (15), by striking "State review entities" and inserting "the State agencies";

(E) by striking paragraph (18);

(F) by redesignating paragraphs (19) through (22) as paragraphs (18) through (21), respectively; and

(G) by amending paragraph (20) (as redesignated by subparagraph (F)) to read as follows:

"(20) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State."; and

(2) in subsection (c)—

(A) in paragraph (1)(A)—

(i) in clause (i)—

(I) by striking "clause (ii)" and inserting "clauses (ii) and (iii)";

(II) by striking "State review entities referred to in" and inserting "appropriate State agency notifying the Secretary under"; and

(III) by striking "or" after the semicolon;

(ii) in clause (ii), by inserting "or" after the semicolon; and

(iii) by adding at the end the following:

"(iii) with regard to an eligible institution (other than an eligible institution described in section 481(a)(1)(C)) that has obtained less than $200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);";

(B) in paragraph (4), by striking ", after consultation with each State review entity designated under subpart 1 of part H,"; and

(C) in paragraph (5), by striking "State review entities designated" and inserting "State agencies notifying the Secretary".

(b) PROVISION OF VOTER REGISTRATION FORMS.—

(1) PROGRAM PARTICIPATION REQUIREMENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended by adding at the end the following:

"(23) The institution, if located in a State to which section 113 applies, will make a good faith effort to provide a mail voter registration form, received from such State, to each student enrolled in a degree or certificate program and in attendance at the institution and to make such forms widely available to students at the institution.".

(2) REGULATION PROHIBITED.—No officer of the executive branch is authorized to instruct the State in the manner in which the amendment made by this subsection is carried out.

SEC. 490. REGULATORY RELIEF AND IMPROVEMENT.

Section 487A (20 U.S.C. 1094a) is amended to read as follows:

"SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

"(a) QUALITY ASSURANCE PROGRAM.—

"(1) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems, including processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

"(2) WAIVER.—The Secretary is authorized to waive for any institution participating in the Quality Assurance Program any regulations dealing with reporting or verification requirements in this title that are addressed by the institution's alternative management system, and may substitute such quality assurance reporting as the Secretary determines nec-

essary to ensure accountability and compliance with the purposes of the programs under this title.

"(3) DETERMINATION.—The Secretary is authorized to determine—

"(A) when an institution that is unable to administer the Quality Assurance Program shall be removed from such program; and

"(B) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

"(4) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

"(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

"(1) IN GENERAL.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of 1993 through 1998 under this section (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998), and shall submit a report based on this review and evaluation to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 6 months after the enactment of the Higher Education Amendments of 1998. Such report shall include—

"(A) a list of participating institutions and the specific statutory or regulatory waivers granted to each institution;

"(B) the findings and conclusions reached regarding each of the experiments conducted; and

"(C) recommendations for amendments to improve and streamline this Act, based on the results of the experiment.

"(2) SELECTION.—

"(A) IN GENERAL.—The Secretary is authorized to select a limited number of institutions for voluntary participation as experi-

mental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives, except that additional institutions may not be selected by the Secretary until the report required by subsection (b)(1) has been submitted to Congress.

"(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives and shall provide—

"(i) a list of institutions proposed for participation in the experiment and the specific statutory or regulatory waivers proposed to be granted to each institution;

"(ii) the objectives to be achieved through the experiment; and

"(iii) the period of time over which the experiment is to be conducted.

"(C) WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title, or regulations

prescribed under this title, that will bias experimental results.

"(c) REGULATORY AND STATUTORY RELIEF FOR SMALL VOLUME INSTITUTIONS.—The Secretary, following discussions with representatives of eligible institutions (other than eligible institutions described in section 481(a)(1)(C)) that have obtained in each of the 2 most recent award years prior to the date of enactment of the Higher Education Amendments of 1998 less than $200,000 in funds through this title, shall review and evaluate ways in which regulations under and provisions of this Act affecting the institutions may be improved, streamlined, or eliminated, and shall submit, not later than 1 year after the enactment of the Higher Education Amendments of 1998, a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives detailing the Secretary's findings and recommendations, including a timetable for implementation of any recommended changes.

"(d) DEFINITIONS.—For purposes of this section, the term 'current award year' is defined as the award year during which the participating institution indicates the institution's intention to cease participation.".

SEC. 490A. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

Part G (20 U.S.C. 1088 et seq.) is amended by inserting after section 487B (20 U.S.C. 1094a) the following:

"SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

"(a) PURPOSE.—It is the purpose of this section—

"(1) to allow demonstration programs that are strictly monitored by the Department to test the quality and viability of expanded distance education programs currently restricted under this Act;

"(2) to help determine the specific statutory and regulatory requirements which should be altered to provide greater access to high quality distance education programs; and

"(3) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

"(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary, in accordance with the provisions of subsection (d), is authorized to select institutions of higher education or consortia of such institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs that do not meet all

or a portion of the sections or regulations described in paragraph (2).

"(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(d) and 481(e) as such sections relate to requirements for a minimum number of weeks of instruction, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

"(3) SPECIAL RULES.—

"(A) ELIGIBLE INSTITUTIONS.—Only an institution of higher education that provides at least a 2-year, or 4-year program of instruction for which the institution awards an associate or a baccalaureate degree, or provides a graduate degree, shall be eligible to participate in the demonstration program authorized under this section.

"(B) PROHIBITION.—An institution of higher education described in section 481(a)(1)(C)

shall not be eligible to participate in the demonstration program authorized under this section.

"(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of subsection (a) of section 481, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate in the demonstration program authorized under this section.

"(D) REQUIREMENT.—Notwithstanding any other provision of this paragraph, Western Governors University shall be considered eligible to participate in the demonstration program authorized under this section, and the Secretary may, in addition to the waivers described in paragraph (2), waive for such university such other requirements of this title as the Secretary determines to be appropriate because of the unique characteristics of such university. In carrying out the preceding sentence, the Secretary shall ensure that adequate program integrity and accountability measures apply to such university's participation in the demonstration program authorized under this section.

"(c) APPLICATION.—

"(1) IN GENERAL.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

"(2) CONTENTS.—Each application shall include—

"(A) a description of the institution or consortium's consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

"(B) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

"(C) a description of the distance education programs to be offered;

"(D) a description of the students to whom distance education programs will be offered;

"(E) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

"(F) such other information as the Secretary may require.

"(d) SELECTION.—

"(1) IN GENERAL.—For the first year of the demonstration program authorized under this section, the Secretary is authorized to select for participation in the program not more than 15 institutions, systems of institutions, or consortia of institutions. For the third year of the demonstration program authorized under this title, the Secretary may select not more than 35 institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g).

"(2) CONSIDERATIONS.—In selecting institutions to participate in the demonstration program in the first or succeeding years of the program, the Secretary shall take into account—

"(A) the number and quality of applications received;

"(B) the Department's capacity to oversee and monitor each institution's participation; and

"(C) an institution's—

"(i) financial responsibility;

"(ii) administrative capability; and

"(iii) program or programs being offered via distance education.

"(e) NOTIFICATION.—The Secretary shall make available to the public and to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution or consortia and a description of the distance education courses to be offered.

"(f) EVALUATIONS AND REPORTS.—

"(1) EVALUATION.—The Secretary, on an annual basis, shall evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

"(A) the number and types of students participating in the programs being offered, includ-

ing the progress of participating students toward recognized associate, bachelor's, or graduate degrees, and the degree to which participation in such programs increased;

"(B) issues related to student financial assistance for distance education; and

"(C) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

"(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance education and other nontraditional methods of expanding access to education.

"(3) REPORTS.—

"(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to—

"(i) the evaluations of the demonstration programs authorized under this section; and

"(ii) any proposed statutory changes designed to enhance the use of distance education.

"(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives on an annual basis regarding—

"(i) the demonstration programs authorized under this section; and

"(ii) the number and types of students receiving assistance under this title for instruction leading to a recognized certificate, as provided for in section 484(l)(1), including the progress of such students toward recognized certificates and the degree to which participation in such programs leading to such certificates increased.

"(g) INDEPENDENT EVALUATION.—

"(1) IN GENERAL.—The Secretary shall enter into a contract with the National Academy of Sciences to study the quality of and student learning outcomes in distance education programs. Such study shall include—

"(A) identification of the elements by which quality in distance education can be assessed, such as subject matter, interactivity, and student outcomes; and

"(B) identification of the types of students which can most benefit from distance education in areas such as access to higher education, persistence, and graduation.

"(2) SCOPE.—Such study shall include distance education programs offered by the institutions or consortia participating in the demonstration program authorized by this section, as well as the distance education programs offered by other institutions.

"(3) INTERIM AND FINAL REPORTS.—The Secretary shall request that the National Academy of Sciences submit an interim report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than December 31, 2000, and a final report not later than December 31, 2002, regarding the study.

"(4) FUNDING.—The Secretary shall make available not more than $1,000,000 for the study required by this subsection.

"(h) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

"(1) assure compliance of institutions or consortia with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

"(2) provide technical assistance;

"(3) monitor fluctuations in the student population enrolled in the participating institutions or consortia; and

"(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

"(i) DEFINITION.—For the purpose of this section, the term 'distance education' means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance education may include courses offered principally through the use of—

"(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

"(2) audio or computer conferencing;

"(3) video cassettes or discs; or

"(4) correspondence.".

SEC. 490B. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 (20 U.S.C. 1098) is amended—

(1) in subsection (b)—

(A) in the second sentence, by striking "and expenditures" and inserting ", expenditures and staffing levels"; and

(B) by inserting after the third sentence the following: "Reports, publications, and other documents, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary.";

(2) in subsection (e)—

(A) by redesignating paragraphs (3), (4), and (5), as paragraphs (4), (5), and (6), respectively; and

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

"(3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee.";

(3) in subsection (g), by striking "(1) Members" and all that follows through "of the United States may" and inserting "Members of the Advisory Committee may";

(4) in subsection (h)(1)—

(A) by inserting "determined" after "as may be"; and

(B) by adding at the end the following: "The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.";

(5) in subsection (i), by striking "$750,000" and inserting "$800,000";

(6) by amending subsection (j) to read as follows: "(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advisory Committee shall—

"(1) monitor and evaluate the modernization of student financial aid systems and delivery processes, including the implementation of a performance-based organization within the Department, and report to Congress regarding such modernization on not less than an annual basis, including recommendations for improvement;

"(2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate,

regarding early needs assessment and information for first-year secondary school students;

"(3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation;

"(4) assess the implications of distance education on student eligibility and other requirements for financial assistance under this title, and make recommendations that will enhance access to postsecondary education through distance education while maintaining access, through on-campus instruction at eligible institutions, and program integrity; and

"(5) make recommendations to the Secretary regarding redundant or outdated provisions of and regulations under this Act, consistent with the Secretary's requirements under section 498A(b)(3).";

(7) in subsection (k), by striking "1998" and inserting "2004"; and

(8) by repealing subsection (l).

SEC. 490C. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

Section 492 (20 U.S.C. 1098a) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting "D," after "B,"; and

(ii) by striking "Such meetings shall include" and inserting "The Secretary shall obtain the advice of and recommendations from"; and

(B) in paragraph (2)—

(i) by striking "During such meetings the" and inserting "The";

(ii) by inserting "D," after "B,"; and

(iii) by striking "1992" and inserting "1998 through such mechanisms as regional meetings and electronic exchanges of information"; and

(2) in subsection (b)—

(A) by striking "After" and inserting the following:

"(1) IN GENERAL.—After";

(B) in paragraph (1) (as redesignated by subparagraph (A))—

(i) by striking "holding regional meetings" and inserting "obtaining the advice

and recommendations described in subsection (a)(1)";

(ii) by inserting "D," after "B,";

(iii) by striking "1992" and inserting "1998"; and

(iv) by striking "The Secretary shall follow the guidance provided in sections 305.82–4 and 305.85–5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law."; and

(C) by adding at the end the following:

"(2) EXPANSION OF NEGOTIATED RULEMAKING IN STUDENT LOAN PROGRAMS.—All regulations pertaining to the student assistance programs in parts B, D, G, and H, that are promulgated after the date of enactment of this paragraph, shall be subject to the negotiated rulemaking process, unless the Secretary determines that exceptional circumstances exist making negotiated rulemaking unnecessary or inadvisable with respect to given regulations and publishes the basis for such determination in the Federal Register at the same time as the proposed regulations in questions are first published. All published proposed regulations shall conform, unless impracticable, to agreements resulting from such negotiated rulemaking.

Such negotiated rulemaking shall be conducted in accordance with the provisions of paragraph (1).".

SEC. 490D. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

"SEC. 493A. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

"The Secretary, in consultation with the Secretary of Veterans Affairs, shall develop and implement a procedure to permit Department of Veterans Affairs physicians to provide the certifications and affidavits needed to enable disabled veterans enrolled in the Department of Veterans Affairs health care system to document such veterans' eligibility for deferments or cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of enactment of the Higher Education Amendments of 1998, the Secretary and the Secretary of Veterans Affairs jointly shall report to Congress on the progress made in developing and implementing the procedure.".

PART H—PROGRAM INTEGRITY TRIAD

SEC. 491. STATE ROLE AND RESPONSIBILITIES.

Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) is amended to read as follows:

"Subpart 1—State Role

"SEC. 495. STATE RESPONSIBILITIES.

"(a) STATE RESPONSIBILITIES.—As part of the integrity program authorized by this part, each State, through 1 State agency or several State agencies selected by the State, shall—

"(1) furnish the Secretary, upon request, information with respect to the process for licensing or other authorization for institutions of higher education to operate within the State;

"(2) notify the Secretary promptly whenever the State revokes a license or other authority to operate an institution of higher education; and

"(3) notify the Secretary promptly whenever the State has credible evidence that an institution of higher education within the State—

"(A) has committed fraud in the administration of the student assistance programs authorized by this title; or

"(B) has substantially violated a provision of this title.

"(b) INSTITUTIONAL RESPONSIBILITY.—Each institution of higher education shall provide evidence to the Secretary that the institution has authority to operate within a State at the time the institution is certified under subpart 3.".

SEC. 492. ACCREDITING AGENCY RECOGNITION.

(a) AMENDMENTS TO HEADINGS.—Subpart 2 of part H of title IV (20 U.S.C. 1099b et seq.) is amended—

*(1) in the subpart heading, by striking "**Approval**" and inserting "**Recognition**"; and*

*(2) in the heading for section 496, by striking "**APPROVAL**" and inserting "**RECOGNITION**".*

(b) RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.—Section 496 (20 U.S.C. 1099b) is amended—

(1) in the heading for subsection (a), by striking "STANDARDS" and inserting "CRITERIA";

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking "standards" each place the term appears and inserting "criteria";

(B) in paragraph (4)—

(i) by striking "at the institution" and inserting "offered by the institution"; and

(ii) by inserting ", including distance education courses or programs," after "higher education"; and

(C) in paragraph (5)—

(i) by striking subparagraph (I);

(ii) by redesignating subparagraphs (A) through (H) as subparagraphs (B) through (I), respectively;

(iii) by inserting before subparagraph (B) the following:

"(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;";

(iv) in subparagraph (I) (as redesignated by clause (ii)), by striking "in clock hours or credit hours"; and

(v) in subparagraph (L)—

(I) by inserting "record of" before "compliance";

(II) by striking "Act, including any" and inserting "Act based on the";

(III) by inserting "any" after "reviews, and"; and

(IV) in the matter following subparagraph (L), by striking "(G),";

(3) by amending paragraph (1) of subsection (l) to read as follows: "(1)(A)(i) If the Secretary determines that an accrediting agency or association has failed to apply effectively the standards in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

"(I) after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association; or

"(II) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

"(aa) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

"(bb) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate

the approval of the agency or association.";

and

(4) in subsection (n)(3), by adding at the end the following: "When the Secretary decides to recognize an accrediting agency or association, the Secretary shall determine the agency or association's scope of recognition. If the agency or association reviews institutions offering distance education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs.".

SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) SINGLE APPLICATION FORM.—Section 498(b) (20 U.S.C. 1099c(b)) is amended—

(1) in paragraph (1), by striking "and capability" and inserting "financial responsibility, and administrative capability";

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

"(3) requires—

"(A) a description of the third party servicers of an institution of higher education; and

"(B) the institution to maintain a copy of any contract with a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request;";

(3) in paragraph (4), by striking the period and inserting "; and"; and

(4) by adding at the end the following:

"(5) provides, at the option of the institution, for participation in 1 or more of the programs under part B or D.".

(b) FINANCIAL RESPONSIBILITY STANDARDS.—Section 498(c) (20 U.S.C. 1099c(c)) is amended—

(1) in paragraph (2), by striking "with respect to operating losses, net worth, asset to liabilities ratios, or operating fund deficits" and inserting "regarding ratios that demonstrate financial responsibility,";

(2) in paragraph (3)(A), by striking "Secretary third party" and all that follows through "payable to the Secretary" and inserting "Secretary any third party guarantees, which the Secretary determines are reasonable, that"; and

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking "ratio of current assets to current liabilities" and inserting "criteria"; and

(B) in subparagraph (C), by striking "current operating ratio requirement" and inserting "criteria".

(c) FINANCIAL GUARANTEES FROM OWNERS.—Section 498(e) (20 U.S.C. 1099c(e)) is amended—

(1) in the subsection heading, by inserting "OF FOR-PROFIT INSTITUTIONS" after "OWNERS";

(2) in paragraph (1)(A), by striking "from an" and inserting "from a for-profit";

(3) in paragraph (2)—

(A) in the matter preceding clause (i) of subparagraph (A), by inserting "for-profit" after "or more";

(B) in subparagraph (B), by inserting "for-profit" after "or more";

(4) in paragraph (3), by striking "operation of, an institution or" and inserting "operation of, a for-profit institution or the"; and

(5) by adding at the end the following:

"(6) Notwithstanding any other provision of law, any individual, whom the Secretary determines, in accordance with paragraph (2), exercises substantial

control over an institution participating in, or seeking to participate in, a program under this title, required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or to the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of Internal Revenue Code of 1986 with respect to the nonpayment of taxes.".

(d) APPLICATIONS AND SITE VISITS.—Section 498(f) (20 U.S.C. 1099c(f)) is amended—

(1) in the subsection heading by striking "; SITE VISITS AND FEES" and inserting "AND SITE VISITS";

(2) in the second sentence, by striking "shall" and inserting "may";

(3) in the third sentence, strike "may" and insert "shall"; and

(4) by striking the fourth sentence.

(e) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—Subsection (g) of section 498 (20 U.S.C. 1099c) is amended to read as follows:

"(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

"(1) GENERAL RULE.—After the expiration of the certification of any institution under the schedule prescribed under this section (as in effect prior to the enactment of the Higher Education Act Amendments of 1998), or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

"(2) NOTIFICATION.—The Secretary shall notify each institution of higher education not later than 6 months prior to the date of the expiration of the institution's certification.

"(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of section 481(a)(1)(C) and received less than $500,000 in funds under part B for the most recent year for which data are available.".

(f) PROVISIONAL CERTIFICATION.—Section 498(h) (20 U.S.C. 1099c(h)) is amended—

(1) in paragraph (1)(B)(ii), by striking "an eligible" and inserting "a for-profit eligible"; and

(2) in paragraph (2), by striking "the approval" and inserting "the recognition".

(g) TREATMENT OF CHANGES OF OWNERSHIP.—Section 498(i) (20 U.S.C. 1099c(i)) is amended—

(1) in the subsection heading, by inserting "OF FOR-PROFIT INSTITUTIONS" after "OWNERSHIP"; and

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting "for-profit" before "institution";

(B) in subparagraph (C), by striking "two" and inserting "a for-profit institution with one";

(C) in subparagraph (D), by inserting "for-profit" before "institutions";

(D) in subparagraph (E), by inserting "for-profit" before "institutions"; and

(E) in subparagraph (F), by inserting "for-profit" before "institution".

(h) TREATMENT OF BRANCHES.—The second sentence of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is amended by inserting "after the branch is certified by the Secretary as a branch campus participating in a program under title IV," after "2 years".

SEC. 494. PROGRAM REVIEW AND DATA.

Section 498A (20 U.S.C. 1099c–1) is amended—

(1) in subsection (a)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking "may" and inserting "shall";

(ii) by amending subparagraph (C) to read as follows:

"(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;";

(iii) by amending subparagraph (D) to read as follows:

"(D) institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;";

(iv) in subparagraph (E), by inserting "and" after the semicolon; and

(v) by striking subparagraphs (F) and (G), and inserting the following:

"(F) such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; and"; and

(B) in paragraph (3)(A), by inserting "relevant" after "all"; and

(2) by amending subsection (b) to read as follows:

"(b) SPECIAL ADMINISTRATIVE RULES.—

"(1) IN GENERAL.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

"(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

"(B) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

"(C) permit the institution to correct or cure an administrative, accounting, or record-keeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

"(D) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; and

"(E) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432.

"(2) UNIFORMITY OF APPLICATION OF REGULATIONS.—The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

"(3) NONDUPLICATION AND COORDINATION.—The Secretary shall establish a process for ensuring that eligibility and compliance issues, such as institutional audit, program review, and recertification, are considered simultaneously, and shall establish a process for identifying unnecessary duplication of report-

ing and related regulatory requirements. In developing such processes, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.".

PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding at the end the following:

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

"SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

"(a) ESTABLISHMENT.—The Secretary shall establish in the Department a performance-based organization (hereafter in this part referred to as the 'PBO') to administer various functions relating to student financial assistance programs authorized under this title.

"(b) OVERSIGHT AND AUTHORITY.—

"(1) POLICY OVERSIGHT AND DIRECTION.—The Secretary shall maintain responsibility for the policy relating to functions managed by the PBO, and the

PBO shall remain subject to the Secretary's oversight and direction.

"(2) AUDITS AND REVIEW.—The PBO shall be subject to the usual and customary Federal audit procedures and to review by the Inspector General of the Department.

"(3) CHANGES.—

"(A) IN GENERAL.—The Secretary and the Chief Operating Officer shall consult concerning the effects of policy, market, or other changes on the ability of the PBO to achieve the goals and objectives established in the performance plan described in subsection (e).

"(B) REVISIONS TO AGREEMENT.—The Secretary and the Chief Operating Officer may revise the annual performance agreement described in subsection (f)(2) in light of policy, market, or other changes that occur after the Secretary and the Chief Operating Officer enter into the agreement.

"(c) PURPOSES OF PBO.—The purposes of the PBO are—

"(1) to improve service to students and other participants in the student financial assistance programs authorized under this title, including making

those programs more understandable to students and their parents;

"(2) to reduce the costs of administering those programs;

"(3) to increase the accountability of the officials responsible for administering those programs;

"(4) to provide greater flexibility in the administration of those programs;

"(5) to improve and integrate the information and delivery systems that support those programs; and

"(6) to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to ensure program integrity.

"(d) FUNCTIONS.—

"(1) IN GENERAL.—Subject to subsection (b) of this section, the PBO shall be responsible for administration of the information and financial systems that support student financial assistance programs authorized under this title, including—

"(A) collecting, processing, and transmitting applicant data to students, institutions, and authorized third parties, as provided for in section 483;

"(B) contracting for the information and financial systems supporting student financial assistance programs under this title;

"(C) developing technical specifications for software and systems that support those programs; and

"(D) providing all customer service, training, and user support related to systems that support those programs.

"(2) ADDITIONAL FUNCTIONS.—The Secretary may allocate to the PBO such additional functions as the Secretary determines necessary or appropriate to achieve the purposes of the PBO.

"(e) PERFORMANCE PLAN AND REPORT.—

"(1) PERFORMANCE PLAN.—

"(A) IN GENERAL.—Each year, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

"(B) CONSULTATION.—In developing the 5-year performance plan and any revision to the plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of

higher education, Congress, lenders, and other interested parties not less than 30 days prior to the implementation of the performance plan or revision.

"(C) AREAS.—The plan shall address the PBO's responsibilities in the following areas:

"(i) IMPROVING SERVICE.—Improving service to students and other participants in student financial aid programs authorized under this title, including making those programs more understandable to students and their parents.

"(ii) REDUCING COSTS.—Reducing the costs of administering those programs.

"(iii) IMPROVEMENT AND INTEGRATION OF SUPPORT SYSTEMS.—Improving and integrating the information and delivery systems that support those programs.

"(iv) DELIVERY AND INFORMATION SYSTEM.—Developing an open, common, and integrated delivery and information system for programs authorized under this title.

"(v) OTHER AREAS.—Any other areas identified by the Secretary.

"(2) ANNUAL REPORT.—(A) IN GENERAL.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year.

"(B) CONSULTATION WITH STAKEHOLDERS.—The Chief Operating Officer, in preparing the report described in subparagraph (A), shall establish appropriate means to consult with borrowers, institutions, lenders, guaranty agencies, secondary markets, and others involved in the delivery system of student aid under this title—

"(i) regarding the degree of satisfaction with the delivery system; and

"(ii) to seek suggestions on means to improve the delivery system.

"(f) CHIEF OPERATING OFFICER.—

"(1) APPOINTMENT.—

"(A) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a term of not less than 3 and not more than 5

years and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code.

"(B) BASIS.—The appointment shall be made on the basis of demonstrated ability in management and experience in information technology or financial services.

"(C) REAPPOINTMENT.—The Secretary may reappoint the Chief Operating Officer to subsequent terms of not less than 3 and not more than 5 years, so long as the performance of the Chief Operating Officer, as set forth in the performance agreement described in paragraph (2), is satisfactory.

"(2) PERFORMANCE AGREEMENT.—

"(A) IN GENERAL.—Each year, the Secretary and the Chief Operating Officer shall enter into an annual performance agreement, that shall set forth measurable organization and individual goals for the Chief Operating Officer.

"(B) TRANSMITTAL.—The final agreement, and any revision to the final agreement, shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Re-

sources of the Senate, and made publicly available.

"(3) COMPENSATION.—

"(A) IN GENERAL.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title.

"(B) BONUS.—In addition, the Chief Operating Officer may receive a bonus in an amount that does not exceed 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

"(C) PAYMENT.—Payment of a bonus under this subparagraph (B) may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the

President's salary under section 102 of title 3, United States Code.

"(4) REMOVAL.—The Chief Operating Officer shall be removable—

"(A) by the President; or

"(B) by the Secretary for misconduct or failure to meet the goals set forth in the performance agreement described in paragraph (2).

"(g) SENIOR MANAGEMENT.—

"(1) APPOINTMENT.—

"(A) IN GENERAL.—The Chief Operating Officer may appoint such senior managers as that officer determines necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

"(B) COMPENSATION.—The senior managers described in subparagraph (A) may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(2) PERFORMANCE AGREEMENT.—Each year, the Chief Operating Officer and each senior manager appointed under this subsection shall enter into an

annual performance agreement that sets forth measurable organization and individual goals.

"(3) COMPENSATION.—

"(A) IN GENERAL.—A senior manager appointed under this subsection may be paid at an annual rate of basic pay of not more than the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5.

"(B) BONUS.—In addition, a senior manager may receive a bonus in an amount such that the manager's total annual compensation does not exceed 125 percent of the maximum rate of basic pay for the Senior Executive Service, including any applicable locality-based comparability payment, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

"(4) REMOVAL.—A senior manager shall be removable by the Secretary or by the Chief Operating Officer.

"(h) REPORT.—The Secretary and the Chief Operating Officer, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, shall report to Congress on the proposed budget and sources of funding for the operation of the PBO.

"(i) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall allocate from funds made available under section 458 such funds as are appropriate to the functions assumed by the PBO. In addition, there are authorized to be appropriated such sums as may be necessary to carry out the purposes of this part, including transition costs.

"SEC. 499A. PERSONNEL FLEXIBILITIES.

"(a) GENERAL PROVISIONS.—

"(1) CERTAIN LIMITATIONS NOT APPLICABLE.—The PBO shall not be subject to any limitation related to the number or grade of its employees.

"(2) APPLICABLE PROVISIONS OF TITLE 5.—

"(A) PROVISIONS.—Any flexibilities provided under this section shall be exercised in a manner consistent with the following provisions of title 5, United States Code:

"(i) Chapter 23, relating to merit system principles and prohibited personnel practices.

"(ii) Provisions relating to preference eligibles.

"(iii) Section 5307, relating to the aggregate limitation on pay.

"(iv) Chapter 71, relating to labor-management relations, except to the extent provided by paragraph (3).

"(B) EXERCISE OF AUTHORITY.—The exercise of any authorities provided under this section shall be subject to subsections (b) and (c) of section 1104 of title 5, United States Code, as though such authorities were delegated to the PBO under subsection (a)(2) of such section. The PBO shall provide the Office of Personnel Management with any information the Office requires in carrying out its responsibilities under this subsection.

"(3) LABOR ORGANIZATION AGREEMENTS.—Employees within a unit to which a labor organization is accorded exclusive recognition under chapter 71 of title 5, United States Code, shall not be subject to any flexibility provided under this section unless the ex-

clusive representative and PBO have entered into a written agreement which specifically provides for the exercise of that flexibility. A written agreement may not be imposed by the Federal Services Impasses Panel under section 7119 of title 5, United States Code.

"(4) FLEXIBILITIES.—

"(A) PRIOR APPROVAL.—The PBO may exercise any of the flexibilities provided under subsections (b), (c)(1), and (d) without prior approval of the Office of Personnel Management.

"(B) PLAN AND APPROVAL.—The PBO may exercise the flexibilities described in subsection (c)(2) only after a specific plan for implementation of those flexibilities is submitted to and approved by the Director of the Office of Personnel Management.

"(5) DEMONSTRATION PROJECTS.—

"(A) IN GENERAL.—The exercise of any flexibilities under this section shall not affect the authority of the PBO to implement a demonstration project subject to chapter 47 of title 5, United States Code, and as provided in subparagraph (B).

"(B) APPLICATION OF TITLE 5.—In applying section 4703 of title 5, United States Code, to a project described in subparagraph (A)—

"(i) section 4703(b)(1) shall be deemed to read as follows:

"'(1) develop a plan for such project which describes its purpose, the employees to be covered, the project itself, its anticipated outcomes, and the method of evaluating the project;';

"(ii) section 4703(b)(3) shall not apply;

"(iii) the 180-day notification period in section 4703(b)(4) shall be deemed to be a 30-day notification period;

"(iv) section 4703(b)(6) shall be deemed to read as follows:

"'(6) provide each House of Congress with the final version of the plan.';

"(v) section 4703(c)(1) shall be deemed to read as follows:

"'(1) subchapter V of chapter 63 or subpart G of part III of this title;';

"(vi) section 4703(d) shall not apply; and

"(vii) section 4703(f) shall not apply, and, in lieu thereof, paragraph (3) of this subsection shall apply as though the demonstration project were a flexibility authority provided under this subsection.

"(b) PERFORMANCE MANAGEMENT.—

"(1) IN GENERAL.—The PBO shall establish a performance management system that—

"(A) maintains individual accountability by—

"(i) establishing 1 or more retention standards for each employee related to the work of the employee and expressed in terms of individual performance, and communicating such retention standards to employees;

"(ii) making periodic determinations of whether each employee meets or does not meet the employee's established retention standards; and

"(iii) taking actions, in accordance with applicable laws and regulations, with respect to any employee whose performance does not meet established retention standards, including denying any increase in

basic pay, promotions, and credit for performance under section 3502 of title 5, United States Code, and taking 1 or more of the following actions:

"(I) Reassignment;

"(II) An action under chapter 43 or 75 of title 5, United States Code; or

"(III) Any other appropriate action to resolve the performance problem; and

"(B) strengthens its effectiveness by providing for—

"(i) establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the annual performance agreement described in section 499(f)(2) and PBO performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees;

"(ii) using such goals and objectives to make performance distinctions among employees or groups of employees; and

"(iii) using performance assessments as a basis for granting employee awards, adjusting an employee's rate of basic pay, and other appropriate personnel actions, in accordance with applicable provisions or law and regulation.

"(2) PERFORMANCE.—

"(A) ASSESSMENT.—For purposes of paragraph (1)(B), the term 'performance assessment' means a determination of whether or not retention standards established under paragraph (1)(A)(i) are met, and any additional performance determination made on the basis of performance goals and objectives established under paragraph (1)(B)(i).

"(B) UNACCEPTABLE PERFORMANCE.—For purposes of title 5, United States Code, the term 'unacceptable performance' with respect to an employee of the PBO means performance of the employee which fails to meet a retention standard established under paragraph (1)(A)(i).

"(3) AWARDS PROGRAM.—

"(A) IN GENERAL.—The PBO may establish an awards program designed to provide incentives for and recognition of organizational,

group, and individual achievements by providing for granting awards to employees who, as individuals or members of a group, contribute to meeting the performance goals and objectives established under this part by such means as a superior individual or group accomplishment, a documented productivity gain, or sustained superior performance.

"(B) LIMITATION.—Notwithstanding section 4502(b) of title 5, United States Code, the PBO may grant a cash award in an amount not exceeding $25,000, with the approval of the Chief Operating Officer.

"(c) CLASSIFICATION AND PAY FLEXIBILITIES.—

"(1) IN GENERAL.—

"(A) DEFINITION.—For purposes of this section, the term 'broad-banded system' means a system for grouping positions for pay, job evaluation, and other purposes that is different from the system established under chapter 51 and subchapter III of chapter 53 of title 5, United States Code, as a result of combining grades and related ranges of rates of pay in 1 or more occupational series.

"(B) ESTABLISHMENT.—The PBO may, subject to criteria to be prescribed by the Office of Personnel Management, establish 1 or more broad-banded systems covering all or any portion of its workforce. The Office may require the PBO to submit to the Office such information relating to its broad-banded systems as the Office may require. Laws and regulations pertaining to General Schedule employees (other than chapter 52 and subchapter II of chapter 53 of title 5, United States Code) shall continue to be applicable to employees under a broad-banded system.

"(C) CRITERIA.—The criteria to be prescribed by the Office of Personnel Management shall, at a minimum—

"(i) ensure that the structure of any broad-banded system maintains, through linkage to the General Schedule, the principle of equal pay for substantially equal work;

"(ii) establish the minimum and maximum number of grades that may be combined into pay bands;

"(iii) establish requirements for adjusting the pay of an employee within a pay band;

"(iv) establish requirements for setting the pay of a supervisory employee whose position is in a pay band or who supervises employees whose positions are in pay bands; and

"(v) establish requirements and methodologies for setting the pay of an employee upon conversion to a broad-banded system, initial appointment, change of position or type of appointment (including promotion, demotion, transfer, reassignment, reinstatement, placement in another pay band, or movement to a different geographic location), and movement between a broad-banded system and another pay system.

"(2) ALTERNATIVE JOB EVALUATION SYSTEMS FLEXIBILITIES.—

"(A) IN GENERAL.—With the approval of the Office of Personnel Management in accordance with subsection (a)(4)(B), the PBO may establish 1 or more alternative job evaluation systems that include any positions or groups of po-

sitions that the PBO determines, for reasons of effective administration—

"(i) should not be classified under chapter 51 of title 5, United States Code, or paid under the General Schedule;

"(ii) should not be classified or paid under subchapter IV of chapter 53 of such title; or

"(iii) should not be paid under section 5376 of such title.

"(B) PAY.—

"(i) GENERAL LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (i) or (ii), or both, of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the maximum rate of pay under the General Schedule.

"(ii) SPECIFIC LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (iii) of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the annual rate

of basic pay of the Chief Operating Officer under the first sentence of section 499(f)(3).

"(C) IMPLEMENTATION.—An alternative job evaluation system established under this section shall be implemented in such a way as to ensure the maintenance of the principle of equal pay for substantially equal work.

"(D) APPLICABILITY OF LAWS.—Except as otherwise provided under this part, employees under an alternative job evaluation system shall continue to be subject to the laws and regulations covering employees under the pay system that would otherwise apply to them. If the alternative job evaluation system combines employees from different pay systems into a single system, the plan submitted under subsection (a)(4)(B) shall address the applicability of the laws and regulations for the different pay systems.

"(d) STAFFING FLEXIBILITIES.—

"(1) APPOINTMENT.—

"(A) CONDITIONS.—Except as otherwise provided under this subsection, an employee of the PBO may be selected for a permanent appointment in the competitive service in the PBO

through internal competitive promotion procedures if—

"(i) the employee has completed, in the competitive service, 2 years of current continuous service under a term appointment or any combination of term appointments;

"(ii) such term appointment or appointments were made under competitive procedures prescribed for permanent appointments;

"(iii) the employee's performance under such term appointment or appointments met established retention standards; and

"(iv) the vacancy announcement for the term appointment from which the conversion is made stated that there was a potential for subsequent conversion to a permanent appointment.

"(B) SIMILAR APPOINTMENT.—An appointment under this section may be made only to a position in the same line of work as a position to which the employee received a term appointment under competitive procedures.

"(2) CATEGORY RATING SYSTEMS.—

"(A) IN GENERAL.—Notwithstanding subchapter I of chapter 33 of title 5, United States Code, the PBO may establish category rating systems for evaluating job applicants for positions in the competitive service. Qualified candidates under such rating systems shall be divided into 2 or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings. Each applicant who meets the minimum qualification requirements for the position to be filled shall be assigned to an appropriate category based on an evaluation of the applicant's knowledge, skills, and abilities relative to those needed for successful performance in the position to be filled.

"(B) PREFERENCE ELIGIBLES.—Within each quality category established under subparagraph (A), preference eligibles shall be listed ahead of individuals who are not preference eligibles. For other than scientific and professional positions at or higher than level GS–9 (or equivalent), preference eligibles who have a compensable service-connected disability of 10 percent or more, and who meet the minimum qualification

standards, shall be listed in the highest quality category.

"(C) SELECTION.—An appointing authority may select any applicant from the highest quality category or, if fewer than 3 candidates have been assigned to the highest quality category, from a merged category consisting of the highest and second highest quality categories. Notwithstanding the preceding sentence, the appointing authority may not pass over a preference eligible in the same or higher category from which selection is made, unless the requirements of section 3317(b) or 3318(b) of title 5, United States Code, as applicable, are satisfied.

"(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 25 technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(4) RULE OF CONSTRUCTION.—Notwithstanding paragraphs (1) through (3), no provision of this subsection exempts the PBO from—

"(A) any employment priorities established under direction of the President for the placement of surplus or displaced employees; or

"(B) its obligations under any court order or decree relating to the employment practices of the PBO or the Department of Education.

"SEC. 499B. PROCUREMENT FLEXIBILITY.

"(a) PROCUREMENT AUTHORITY.—Subject to the authority, direction, and control of the Secretary, the Chief Operating Officer of a PBO may exercise the authority of the Secretary to procure property and services in the performance of functions managed by the PBO. For the purposes of this section, the term 'PBO' includes the Chief Operating Officer of the PBO and any employee of the PBO exercising procurement authority under the preceding sentence.

"(b) APPLICABILITY OF PROCUREMENT LAWS.—Except to the extent otherwise authorized in this section, a PBO shall comply with all laws and regulations that are generally applicable to procurements of property and services by the head of an executive agency of the Federal Government.

"(c) USE OF MUTUAL BENEFIT CORPORATION.—The PBO may acquire services related to the title IV delivery system from any mutual benefit corporation that has the capability and capacity to meet the requirements for the system, as determined by the Chief Operating Officer of the PBO.

"(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

"(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

"(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

"(A) PUBLICATION OF NOTICE.—The contracting officer for the procurement shall publish a notice of the procurement in accordance with section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) and subsections (e), (f), and (g) of section 8 of the Small Business Act (15 U.S.C. 637), except that the notice shall include only the following:

"(i) A general description of the scope or purpose of the procurement that provides sufficient information on the scope or purpose for sources to make informed business

decisions regarding whether to participate in the procurement.

"(ii) A description of the basis on which potential sources are to be selected to submit offers in the second phase.

"(iii) A description of the information that is to be required under subparagraph (B).

"(iv) Any additional information that the contracting officer determines appropriate.

"(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror on Federal Government contracts, together with any additional information that is requested by the contracting officer.

"(C) SELECTION FOR SECOND PHASE.—The contracting officer shall select the offerors that are to be eligible to participate in the second phase of the process. The contracting officer shall

limit the number of the selected offerors to the number of sources that the contracting officer determines is appropriate and in the best interests of the Federal Government.

"(3) SECOND PHASE.—

"(A) IN GENERAL.—The contracting officer shall conduct the second phase of the source selection process in accordance with sections 303A and 303B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a and 253b).

"(B) ELIGIBLE PARTICIPANTS.—Only the sources selected in the first phase of the process shall be eligible to participate in the second phase.

"(C) SINGLE OR MULTIPLE PROCUREMENTS.—The second phase may include a single procurement or multiple procurements within the scope, or for the purpose, described in the notice pursuant to paragraph (2)(A).

"(4) PROCEDURES CONSIDERED COMPETITIVE.—The procedures used for selecting a source for a procurement under this subsection shall be considered competitive procedures for all purposes.

"(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL ITEMS.—Whenever the PBO anticipates that commercial items will be offered for a procurement, the PBO may use (consistent with the special rules for commercial items) the special simplified procedures for the procurement without regard to—

"(1) any dollar limitation otherwise applicable to the use of those procedures; and

"(2) the expiration of the authority to use special simplified procedures under section 4202(e) of the Clinger-Cohen Act of 1996 (110 Stat. 654; 10 U.S.C. 2304 note).

"(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NONCOMMERCIAL ITEMS.—

"(1) AUTHORITY.—In carrying out a procurement, the PBO may—

"(A) apply a shorter waiting period for the issuance of a solicitation after the publication of a notice under section 18 Office of Federal Procurement Policy Act (41 U.S.C. 416) than is required under subsection (a)(3)(A) of such section; and

"(B) notwithstanding subsection (a)(3) of such section, establish any deadline for the submission of bids or proposals that affords poten-

tial offerors a reasonable opportunity to respond to the solicitation.

"(2) INAPPLICABILITY TO COMMERCIAL ITEMS.—Paragraph (1) does not apply to a procurement of a commercial item.

"(3) CONSISTENCY WITH APPLICABLE INTERNATIONAL AGREEMENTS.—If an international agreement is applicable to the procurement, any exercise of authority under paragraph (1) shall be consistent with the international agreement.

"(g) MODULAR CONTRACTING.—

"(1) IN GENERAL.—The PBO may satisfy the requirements of the PBO for a system incrementally by carrying out successive procurements of modules of the system. In doing so, the PBO may use procedures authorized under this subsection to procure any such module after the first module.

"(2) UTILITY REQUIREMENT.—A module may not be procured for a system under this subsection unless the module is useful independently of the other modules or useful in combination with another module previously procured for the system.

"(3) CONDITIONS FOR USE OF AUTHORITY.—The PBO may use procedures authorized under paragraph

(4) for the procurement of an additional module for a system if—

"(A) competitive procedures were used for awarding the contract for the procurement of the first module for the system; and

"(B) the solicitation for the first module included—

"(i) a general description of the entire system that was sufficient to provide potential offerors with reasonable notice of the general scope of future modules;

"(ii) other information sufficient for potential offerors to make informed business judgments regarding whether to submit offers for the contract for the first module; and

"(iii) a statement that procedures authorized under this subsection could be used for awarding subsequent contracts for the procurement of additional modules for the system.

"(4) PROCEDURES.—If the procurement of the first module for a system meets the requirements set forth in paragraph (3), the PBO may award a con-

tract for the procurement of an additional module for the system using any of the following procedures:

"(A) SOLE SOURCE.—Award of the contract on a sole-source basis to a contractor who was awarded a contract for a module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

"(B) ADEQUATE COMPETITION.—Award of the contract on the basis of offers made by—

"(i) a contractor who was awarded a contract for a module previously procured for the system after having been selected for award of the contract under this subparagraph or other competitive procedures; and

"(ii) at least one other offeror that submitted an offer for a module previously procured for the system and is expected, on the basis of the offer for the previously procured module, to submit a competitive offer for the additional module.

"(C) OTHER.—Award of the contract under any other procedure authorized by law.

"(5) NOTICE REQUIREMENT.—

"(A) PUBLICATION.—Not less than 30 days before issuing a solicitation for offers for a contract for a module for a system under procedures authorized under subparagraph (A) or (B) of paragraph (4), the PBO shall publish in the Commerce Business Daily a notice of the intent to use such procedures to enter into the contract.

"(B) EXCEPTION.—Publication of a notice is not required under this paragraph with respect to a use of procedures authorized under paragraph (4) if the contractor referred to in that subparagraph (who is to be solicited to submit an offer) has previously provided a module for the system under a contract that contained cost, schedule, and performance goals and the contractor met those goals.

"(C) CONTENT OF NOTICE.—A notice published under subparagraph (A) with respect to a use of procedures described in paragraph (4) shall contain the information required under section 18(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)), other than paragraph (4) of such section, and shall invite the submission of any assertion that the use of the procedures for the procurement involved is not in

the best interest of the Federal Government together with information supporting the assertion.

"(6) DOCUMENTATION.—The basis for an award of a contract under this subsection shall be documented. However, a justification pursuant to section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(f)) or section 8(h) of the Small Business Act (15 U.S.C. 637(h)) is not required.

"(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a sole-source basis.

"(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL ITEMS.—

"(1) AUTHORITY.—The PBO may use special simplified procedures for a procurement of services that are not commercial items if—

"(A) the procurement is in an amount not greater than $1,000,000;

"(B) the procurement is conducted as a small business set-aside pursuant to section 15(a) of the Small Business Act (15 U.S.C. 644(a)); and

"(C) the price charged for supplies associated with the services procured are items of supply expected to be less than 20 percent of the total contract price.

"(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

"(A) an award of a contract on a sole-source basis; or

"(B) a contract for construction.

"(i) GUIDANCE FOR USE OF AUTHORITY.—

"(1) ISSUANCE BY PBO.—The Chief Operating Officer of the PBO, in consultation with the Administrator for Federal Procurement Policy, shall issue guidance for the use by PBO personnel of the authority provided in this section.

"(2) GUIDANCE FROM OFPP.—As part of the consultation required under paragraph (1), the Administrator for Federal Procurement Policy shall provide the PBO with guidance that is designed to ensure, to the maximum extent practicable, that the authority

under this section is exercised by the PBO in a manner that is consistent with the exercise of the authority by the heads of the other performance-based organizations.

"(3) COMPLIANCE WITH OFPP GUIDANCE.—The head of the PBO shall ensure that the procurements of the PBO under this section are carried out in a manner that is consistent with the guidance provided for the PBO under paragraph (2).

"(j) LIMITATION ON MULTIAGENCY CONTRACTING.—No department or agency of the Federal Government may purchase property or services under contracts entered into or administered by a PBO under this section unless the purchase is approved in advance by the senior procurement official of that department or agency who is responsible for purchasing by the department or agency.

"(k) LAWS NOT AFFECTED.—Nothing in this section shall be construed to waive laws for the enforcement of civil rights or for the establishment and enforcement of labor standards that are applicable to contracts of the Federal Government.

"(l) DEFINITIONS.—In this section:

"(1) COMMERCIAL ITEM.—The term 'commercial item' has the meaning given the term in section 4(12)

of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

"(2) COMPETITIVE PROCEDURES.—The term 'competitive procedures' has the meaning given the term in section 309(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 259(b)).

"(3) MUTUAL BENEFIT CORPORATION.—The term 'mutual benefit corporation' means a corporation organized and chartered as a mutual benefit corporation under the laws of any State governing the incorporation of nonprofit corporations.

"(4) SOLE-SOURCE BASIS.—The term 'sole-source basis', with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.

"(5) SPECIAL RULES FOR COMMERCIAL ITEMS.—The term 'special rules for commercial items' means the regulations set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)) and section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427).

"(6) SPECIAL SIMPLIFIED PROCEDURES.—The term 'special simplified procedures' means the procedures applicable to purchases of property and services for amounts not greater than the simplified acquisition threshold that are set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1)(B) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)(A)) and section 31(a)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 427(a)(1)).".

SEC. 496. STUDENT LOAN OMBUDSMAN OFFICE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding after part I (as added by section 495) the following:

"PART J—STUDENT LOAN OMBUDSMAN OFFICE

"SEC. 499F. STUDENT LOAN OMBUDSMAN OFFICE.

"(a) OFFICE ESTABLISHED.—The Secretary shall establish, within the Department, a Student Loan Ombudsman Office.

"(b) INDEPENDENCE OF STUDENT LOAN OMBUDSMAN OFFICE.—In the exercise of its functions, powers, and duties, the Student Loan Ombudsman Office shall be independent of the Secretary and the other offices and officers of the Department.

"(c) STUDENT LOAN OMBUDSMAN.—The Student Loan Ombudsman Office shall be managed by the Student Loan

Ombudsman, who shall be appointed by the Secretary to a 5-year term. The Secretary shall appoint the Student Loan Ombudsman not later than 6 months after the date of enactment of the Higher Education Amendments of 1998. The appointment shall be made without regard to political affiliation or activity. The Secretary may reappoint the Student Loan Ombudsman to subsequent terms.

"(d) DUTIES AND RESPONSIBILITIES.—The Student Loan Ombudsman Office shall—

"(1) directly assist student loan borrowers with loans made, insured, or guaranteed under this title;

"(2) ensure that student loan borrower complaints and requests for assistance are promptly resolved and responded to by the Secretary, contractors or servicers, guaranty agencies, lenders, and other loan holders, or the agents of such individuals or entities;

"(3) investigate and resolve complaints of student loan borrowers;

"(4) provide information on the experience of borrowers with respect to existing and proposed statutes, regulations, and Department directives and actions;

"(5) track and analyze complaint data by loan program, institution, lender, guaranty agency, and servicer, as applicable; and

"(6) report annually to the appropriate committees of Congress, which report shall be made available to the public, regarding the responsibilities and performance of the Student Loan Ombudsman Office, including an analysis of complaint data described in paragraph (5).

"(e) STUDENT LOAN OMBUDSMAN OFFICE ACCESS TO RECORDS.—The Student Loan Ombudsman Office shall, upon presentation of a signed release form from a student loan borrower, have full and complete access to all records regarding the borrower's loan and education program that are necessary to carry out the Student Loan Ombudsman's duties. The Student Loan Ombudsman shall maintain personal identifying information in the strictest confidence and use such information only for the purpose of assisting the borrower in pursuing resolution of the individual's complaint, unless written authorization is obtained to use such information for other specified purposes.

"(f) ACCESSIBILITY FOR BORROWERS.—The Student Loan Ombudsman Office shall maintain a toll-free telephone number and Internet web site for receiving borrower complaints.

"(g) NOTIFICATION TO BORROWERS.—The Student Loan Ombudsman Office shall encourage maximum outreach to borrowers by all appropriate parties, including the Department, Congress, lenders, institutions of higher education, loan servicers, and guaranty agencies, to provide ongoing notice, to student loan borrowers, of the Student Loan Ombudsman Office. Such notice, including the toll-free telephone number, at a minimum, shall be given to borrowers in publications and on Internet web sites.

"(h) CONFLICT OF INTEREST.—Employees of the Student Loan Ombudsman Office shall not be employees or officers of any participant in the student loan programs under this Act (other than the Department), including any lender, guaranty agency, proprietary institution of higher education, postsecondary vocational institution, institution of higher education, loan servicer, collections agency, or trade association or education advocacy group representing any such entity. The Student Loan Ombudsman Office shall avoid all conflicts of interest and appearances of impropriety.

"(i) SUPPLEMENT AND NOT SUPPLANT.—The remedies and procedures of the Student Loan Ombudsman Office shall supplement and not supplant any other consumer remedies and procedures available to borrowers.

"(j) FUNDING.—In each fiscal year, not less than $2,000,000 of the amount appropriated for the fiscal year for salaries and expenses at the Department shall be available to carry out this section.".

TITLE V—GRADUATE AND POST-SECONDARY IMPROVEMENT PROGRAMS

SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.

(a) IN GENERAL.—Title V (20 U.S.C. 1101 et seq.) is amended—

(1) by amending the title heading to read as follows:

*"**TITLE V—GRADUATE AND POST-SECONDARY IMPROVEMENT PROGRAMS**";*

(2) by repealing parts A, B, C, D, E, and F of title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104 et seq., 1107 et seq., 1111 et seq., and 1113 et seq.);

(3) by transferring part C of title IX, part D of title IX, part A of title XI, and part A of title X (20 U.S.C. 1134h et seq., 1134l et seq., 1136 et seq., and 1135 et seq.) to title V and redesignating such parts as parts A, B, D, and E, respectively;

(4) by redesignating sections 931 through 935 (20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as sections 501 through 505, respectively;

(5) by redesignating sections 941 through 947 (20 U.S.C. 1134l and 1134q–1) as section 511 through 517, respectively;

(6) by redesignating sections 1101 through 1109 (20 U.S.C. 1136 through 1136h) as sections 531 through 539, respectively; and

(7) by redesignating sections 1001, 1002, 1003, 1004, and 1011 (20 U.S.C. 1135, 1135a–1, 1135a–2, 1135a–3, and 1135a–11) as sections 541, 542, 543, 544, and 551, respectively.

(b) CROSS REFERENCE CONFORMING AMENDMENTS.—

(1) JACOB K. JAVITS FELLOWSHIP PROGRAM.—Section 504(a) (as redesignated by subsection (a)(4)) (20 U.S.C. 1134k(a)) is amended by striking "933" and inserting "503".

(2) GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.—Part B of title V (as redesignated by paragraphs (3) and (5) of subsection (a)) (20 U.S.C. 1134l et seq.) is amended—

(A) in section 514(b)(7) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134o(b)(7)), by striking "945" and inserting "515"; and

(B) in section 515(c) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134p(c))—

(i) by striking "946(a)" and inserting "516(a)"; and

(ii) by striking "944(b)(2)" and inserting "514(b)(2)".

(3) URBAN AND COMMUNITY SERVICE.—Part C of title V (as redesignated by paragraphs (3) and (6) of subsection (a)) (20 U.S.C. 1136 et seq.) is amended—

(A) in section 532(b) (20 U.S.C. 1136a(b)), by striking "1104" and inserting "534";

(B) in section 534(12) (20 U.S.C. 1136c(12)), by striking "1103(a)(2)(B)" and inserting "533(a)(2)(B)"; and

(C) in section 538(1) (20 U.S.C. 1136g(1)), by striking "1103" and inserting "533".

(4) FIPSE.—Subsections (b) and (c) of section 544 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135a–3) each are amended by striking "1001(b)" and inserting "541(b)".

SEC. 502. PURPOSE.

Section 500 (20 U.S.C. 1101) is amended to read as follows:

"SEC. 500. PURPOSE.

"It is the purpose of this title—

"(1) to authorize national graduate fellowship programs—

"(A) in order to attract students of superior ability and achievement, exceptional promise, and demonstrated financial need, into high-quality graduate programs and provide the students with the financial support necessary to complete advanced degrees; and

"(B) that are designed to—

"(i) sustain and enhance the capacity for graduate education in areas of national need;

"(ii) encourage talented students to pursue scholarly careers in the humanities, social sciences, and the arts; and

"(iii) encourage talented individuals from underrepresented groups to pursue faculty careers in higher education; and

"(2) to promote postsecondary programs.".

PART A—JACOB K. JAVITS FELLOWSHIP PROGRAM

SEC. 511. AWARD OF FELLOWSHIPS.

(a) AWARD OF JACOB K. JAVITS FELLOWSHIPS.—Section 501 (as redesignated by section 501(4)) is amended—

(1) in subsection (a)—

(A) in the first sentence, by inserting ", financial need," after "demonstrated achievement";

(B) in the second sentence—

(i) by striking "students intending" and inserting "students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend"; and

(ii) by striking "commonly accepted" and all that follows through "degree-granting institution" and inserting "the terminal highest degree awarded in the area of study"; and

(C) in the third sentence, by inserting "following the fiscal year" after "July 1 of the fiscal year"; and

(2) by adding at the end the following:

"(d) PROCESS AND TIMING OF COMPETITION.—The Secretary shall make applications for fellowships under this part available not later than October 1 of the academic year preceding the academic year for which fellowships will be awarded, and shall announce the recipients of fellowships under this section not later than March 1 of the academic

year preceding the academic year for which the fellowships are awarded.

"(e) AUTHORITY TO CONTRACT.—The Secretary is authorized to enter into a contract with a nongovernmental agency to administer the program assisted under this part if the Secretary determines that entering into the contract is an efficient means of carrying out the program.".

(b) ALLOCATION OF FELLOWSHIPS.—Section 502 (as redesignated by section 501(4)) (20 U.S.C. 1134i) is amended—

(1) in subsection (a)—

(A) in the third sentence of paragraph (1), by striking "knowledgeable about and have experience" and inserting "representative of a range of disciplines"; and

(B) in paragraph (2)—

(i) by amending subparagraph (B) to read as follows:

"(B) establish general criteria for the award of fellowships in academic fields identified by the Board, or, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program assisted under this part, by such nongovernmental entity;"; and

(ii) in subparagraph (C), by inserting "except that, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity" before the semicolon; and

(2) in the first sentence of subsection (b), by inserting "except that in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity" before the period.

(c) STIPENDS.—Section 503 (as redesignated by section 501(4)) (20 U.S.C. 1134j) is amended—

(1) in subsection (a)—

(A) by striking "1993–1994" and inserting "1999–2000"; and

(B) by striking "according to measurements of need approved by the Secretary" and inserting "determined in accordance with part F of title IV"; and

(2) in subsection (b)(1)(A)—

(A) in clause (i)—

(i) by striking "$6,000" and inserting "$10,000"; and

(ii) by striking "1993–1994" and inserting "1999–2000"; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking "1993–1994" and inserting "1999–2000";

(ii) in subclause (I), by striking "$9,000 for the academic year 1993–1994" and inserting "$10,000 for the academic year 1999–2000"; and

(iii) in subclause (II), by striking "$9,000" and inserting "$10,000".

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 505 (as redesignated by section 501(4)) (20 U.S.C. 1134k–1) is amended by striking "1993" and inserting "1999".

PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

SEC. 521. GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.

(a) DESIGNATION OF AREAS OF NATIONAL NEED.—Subsection (b) of section 513 (as redesignated by section 501(5)) (20 U.S.C. 1134n) is amended to read as follows:

"(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into consideration—

"(1) the extent to which the national interest in the area is compelling;

"(2) the extent to which other Federal programs support postbaccalaureate study in the area concerned; and

"(3) an assessment of how the program may achieve the most significant impact with available resources.".

(b) CONTENT OF APPLICATIONS.—Section 514(b) (as redesignated by section 501(5)) (20 U.S.C. 1134o(b)) is amended—

(1) in paragraph (2)—

(A) by striking "funds" and inserting "sources"; and

(B) by inserting ", which contribution may be in cash or in kind, fairly valued" before the semicolon;

(2) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

(3) by inserting after paragraph (3) the following:

"(4) describe the number, types, and amounts of the fellowships that the applicant intends to offer with grant funds provided under this part;" and

(4) in paragraph (5)(A) (as redesignated by paragraph (2)), by striking "criteria developed by the institution" and inserting "part F of title IV".

(c) AWARDS.—Section 515 (as redesignated by section 501(5)) (20 U.S.C. 1134p) is amended—

(1) in the third sentence of subsection (b)—

(A) by striking "1993–1994" and inserting "1999–2000"; and

(B) by striking "according to measurements of need approved by the Secretary" and inserting "determined in accordance with part F of title IV"; and

(2) in subsection (c), by striking "such payments" and inserting "such excess".

(d) INSTITUTIONAL PAYMENTS.—Section 516(a)(1) (as redesignated by section 501(5)) (20 U.S.C. 1134q(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking "$6,000 annually" and inserting "$10,000 for each academic year,"; and

(B) by striking "1993–1994" and inserting "1999–2000"; and

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking "1993–1994" and inserting "1999–2000";

(B) in clause (i), by striking "$9,000 for the academic year 1993–1994" and inserting "$10,000 for the academic year 1999–2000"; and

(C) in clause (ii), by striking "$9,000" and inserting "$10,000".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 517 (as redesignated by section 501(5)) (20 U.S.C. 1134q–1) is amended by striking "$40,000,000 for fiscal year 1993" and inserting "$30,000,000 for fiscal year 1999".

PART C—FACULTY DEVELOPMENT PROGRAM

SEC. 531. FACULTY DEVELOPMENT PROGRAM REAUTHORIZED.

Title V (20 U.S.C. 1101 et seq.) is amended further by inserting after part B (as redesignated by section 501(a)(3)) the following:

"PART C—FACULTY DEVELOPMENT FELLOWSHIPS

"SEC. 521. FACULTY DEVELOPMENT FELLOWSHIPS AUTHORIZED.

"(a) IN GENERAL.—The Secretary shall make grants to institutions of higher education, or consortia of such institutions, to enable such institutions to award fellowships to talented graduate students in order to increase the access of individuals from underrepresented groups to pursue graduate study, and to teach in institutions of higher education.

"(b) UNDERREPRESENTED GROUPS DEFINED.—For the purpose of this part, the term 'underrepresented groups' means African Americans, Hispanic Americans, Asian Americans, Native Americans, Pacific Islanders, Native Hawaiians, and individuals who are pursuing graduate study in academic disciplines in which the individuals are underrepresented for the individuals' gender.

"(c) PREFERENCE.—In making awards under this part, the Secretary shall give preference to applicants with a demonstrated record of—

"(1) admitting students from the Ronald E. McNair Postbaccalaureate Achievement Program or a program with a similar purpose;

"(2) graduating individuals from groups underrepresented in graduate education; and

"(3) placing the graduates of the institution or consortium in faculty positions in institutions of higher education.

"(d) REPORTING.—Each institution of higher education or consortium receiving a grant under this section shall, on an annual basis, provide to the Secretary evidence regarding—

"(1) the success of the institution in attracting underrepresented students into graduate programs;

"(2) graduating the students; and

"(3) the success of each graduate in obtaining a faculty position in an institution of higher education.

"(e) APPLICATION REQUIRED.—

"(1) IN GENERAL.—Each academic department or program of an institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(2) ADDITIONAL ASSURANCES.—Each application submitted pursuant to paragraph (1) shall—

"(A) provide an assurance that, in the event that funds made available to the academic department or program under this part are insufficient to provide assistance due a student under

a commitment entered into between the academic department and the student, the academic department or program will endeavor, from funds available to the department or program, to fulfill the commitment made to the student; and

"(B) contain such other assurances as the Secretary may reasonably require.

"(3) APPROVAL OF APPLICATIONS.—The Secretary shall prescribe criteria for the approval of applications submitted under paragraph (1).

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

PART D—URBAN COMMUNITY SERVICE

SEC. 541. URBAN COMMUNITY SERVICE.

(a) PRIORITY.—Section 533(b) (as redesignated by section 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by adding at the end the following: "In addition, the Secretary shall give priority to eligible institutions submitting applications that demonstrate the eligible institution's commitment to urban community service.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 539 (as redesignated by section 501(a)(6)) (20 U.S.C.

1136h) is amended by striking "1993" and inserting "1999".

PART E—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. 551. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—Section 541(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking "or combinations of such institutions" and inserting ", combinations of such institutions,"; and

(B) by striking "institutions and combinations of such institutions" and inserting "institutions, combinations, and agencies"; and

(2) in paragraph (2)—

(A) by striking "and programs involving new" and inserting ", programs and joint efforts involving"; and

(B) by striking "new combinations" and inserting "combinations".

(b) TECHNICAL EMPLOYEES.—Section 543(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–2(a)) is amended by striking "5 technical" and inserting "7 technical".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 544 (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–3) is amended—

(1) in subsection (a), by striking "$20,000,000 for fiscal year 1993" and inserting "$26,000,000 for fiscal year 1999"; and

(2) in subsection (b), by striking "1993" and inserting "1999".

(d) AREAS OF NATIONAL NEED.—

(1) AREAS.—Section 551(c) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(c)) is amended—

(A) in paragraph (2), by striking "Campus climate and culture" and inserting "Institutional restructuring to improve learning and promote cost efficiencies";

(B) in paragraph (3), by inserting "of model programs" after "dissemination"; and

(C) by adding at the end the following:

"(4) Articulation between 2-year and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions of higher education.".

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 551(d) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(d)) is amended by striking "1993" and inserting "1999".

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

SEC. 561. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES; HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS.

Title V (20 U.S.C. 1101 et seq.) is amended further by adding at the end the following:

"PART F—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES

"SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES.

"(a) PURPOSE.—It is the purpose of this part—

"(1) to support the development of model programs to provide technical assistance or training, and professional development, for faculty and administrators in institutions of higher education, as defined in section 481(a), to provide the faculty and administrators with the skills and assistance to teach effectively students with disabilities; and

"(2) to ensure effective evaluation and dissemination of such model programs.

"(b) GRANTS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized to award grants to institutions of higher education to carry out the purposes of this part.

"(2) MODEL PROGRAMS.—To the extent feasible, the model programs developed under this part shall be developed for a range of types and sizes of institutions of higher education.

"(3) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this part, the Secretary shall consider—

"(A) providing an equitable geographic distribution of such grants; and

"(B) distributing such grants to urban and rural areas.

"(4) APPROACHES.—The Secretary shall award grants under this part for a range of approaches to providing support to faculty and administrators, such as in-service training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning and the use of educational technology.

"(c) DISSEMINATION OF GRANTS.—The Secretary may award grants to institutions of higher education that have

demonstrated exceptional programs for students with disabilities under this part in order to disseminate those programs.

"(d) APPLICATIONS.—Each institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall include—

"(1) a plan to assess the needs of the institution of higher education in order to meet the purposes of this part, in consultation with a broad range of persons within that institution; and

"(2) a plan for coordinating with or collaborating with the office within the institution that provides services to students with disabilities, and the equal opportunity office within the institution, if the offices exist.

"(e) USE OF FUNDS.—Any institution of higher education receiving a grant under this part—

"(1) shall use the grant funds to—

"(A) meet the purposes of this section; and

"(B) ensure that projects assisted under this part include components for model development, demonstration, evaluation, and dissemination to other institutions of higher education; and

"(2) may include, to the extent practicable, graduate teaching assistants in the services provided under the grant.

"(f) GRANT AWARDS.—The Secretary shall award grants under this part for a period of 3 years.

"(g) CONSTRUCTION.—Nothing in this section shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on the institution's administrators, faculty, or staff, in addition to the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART G—HISPANIC-SERVING INSTITUTIONS

"SEC. 580. FINDINGS.

"Congress makes the following findings:

"(1) Hispanic Americans are at high risk of not enrolling or graduating from institutions of higher education.

"(2) Disparities between the enrollment of non-Hispanic white students and Hispanic students in postsecondary education are increasing. Between 1973

and 1994, enrollment of white secondary school graduates in 4-year institutions of higher education increased at a rate 2 times higher than that of Hispanic secondary school graduates.

"(3) Despite significant limitations in resources, Hispanic-serving institutions provide a significant proportion of postsecondary opportunities for Hispanic students.

"(4) Relative to other institutions of higher education, Hispanic-serving institutions are underfunded. Such institutions receive significantly less in State and local funding, per full-time equivalent student, than other institutions of higher education.

"(5) Hispanic-serving institutions are succeeding in educating Hispanic students despite significant resource problems that—

"(A) limit the ability of such institutions to expand and improve the academic programs of such institutions; and

"(B) could imperil the financial and administrative stability of such institutions.

"(6) There is a national interest in remedying the disparities described in paragraphs (2) and (4) and ensuring that Hispanic students have an equal opportunity to pursue postsecondary opportunities.

"SEC. 581. PURPOSE.

"The purpose of this part is to—

"(1) expand educational opportunities for, and improve the academic attainment of, Hispanic students; and

"(2) expand and enhance the academic offerings, program quality, and institutional stability of colleges and universities that are educating the majority of Hispanic college students and helping large numbers of Hispanic students and other low-income individuals complete postsecondary degrees.

"SEC. 582. PROGRAM AUTHORIZED.

"(a) IN GENERAL.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic students and other low-income individuals.

"(b) AUTHORIZED ACTIVITIES.—

"(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs to improve and expand such institutions' capacity to serve Hispanic students and other low-income students.

"(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The programs described in paragraph (1) may include—

"(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

"(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(D) curriculum development and academic instruction;

"(E) purchase of library books, periodicals, microfilm, and other educational materials;

"(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

"(G) joint use of facilities such as laboratories and libraries;

"(H) academic tutoring and counseling programs and student support services; and

"(I) expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

"(3) ENDOWMENT FUND.—

"(A) IN GENERAL.—A Hispanic-serving institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

"(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Hispanic-serving institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

"(C) COMPARABILITY.—The provisions of part C of title III regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

"(c) WAIT-OUT-PERIOD.—Each Hispanic-serving institution that receives a grant under this part shall not be

eligible to receive an additional grant under this part until 2 years after the date on which the preceding grant period terminates.

"SEC. 583. APPLICATION PROCESS.

"(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that the institution is a Hispanic-serving institution as defined in section 585, along with such other data and information as the Secretary may by regulation require.

"(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the data and information submitted under subsection (a)) may submit an application for assistance under this part to the Secretary. Such application shall include—

"(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic students and other low-income individuals; and

"(2) such other information and assurance as the Secretary may require.

"(c) PRIORITY.—With respect to applications for assistance under this section, the Secretary shall give priority to an application that contains satisfactory evidence that

the Hispanic-serving institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization to provide such agency or organization with assistance (from funds other than funds provided under this part) in reducing dropout rates for Hispanic students, improving rates of academic achievement for Hispanic students, and increasing the rates at which Hispanic secondary school graduates enroll in higher education.

"SEC. 584. SPECIAL RULE.

"No Hispanic-serving institution that is eligible for and receives funds under this part may receive funds under part A or B of title III during the period for which funds under this part are awarded.

"SEC. 585. DEFINITIONS.

"For purposes of this part:

"(1) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' means an institution of higher education which—

"(A) is an eligible institution under section 312(b);

"(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

"(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

"(2) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

"SEC. 586. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART H—THURGOOD MARSHALL LEGAL EDUCATIONAL OPPORTUNITY PROGRAM

"SEC. 588. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as the 'Thurgood Marshall Legal Educational Opportunity Program' designed to provide low-income, minority, or disadvantaged college students with the information, preparation, and financial assistance to gain access to and complete law school study.

"(b) ELIGIBILITY.—A college student is eligible for assistance under this section if the student is—

"(1) from a low-income family;

"(2) a minority; or

"(3) from an economically or otherwise disadvantaged background.

"(c) CONTRACT OR GRANT AUTHORIZED.—The Secretary is authorized to enter into a contract with, or make a grant to, the Council on Legal Education Opportunity, for a period of not less than 5 years—

"(1) to identify college students who are from low-income families, are minorities, or are from disadvantaged backgrounds described in subsection (b)(3);

"(2) to prepare such students for study at accredited law schools;

"(3) to assist such students to select the appropriate law school, make application for entry into law school, and receive financial assistance for such study;

"(4) to provide support services to such students who are first-year law students to improve retention and success in law school studies; and

"(5) to motivate and prepare such students with respect to law school studies and practice in low-income communities.

"(d) SERVICES PROVIDED.—In carrying out the purposes described in subsection (c), the contract or grant shall

provide for the delivery of services through prelaw information resource centers, summer institutes, midyear seminars, and other educational activities, conducted under this section. Such services may include—

"(1) information and counseling regarding—

"(A) accredited law school academic programs, especially tuition, fees, and admission requirements;

"(B) course work offered and required for graduation;

"(C) faculty specialties and areas of legal emphasis; and

"(D) undergraduate preparatory courses and curriculum selection;

"(2) tutoring and academic counseling, including assistance in preparing for bar examinations;

"(3) prelaw mentoring programs, involving law school faculty, members of State and local bar associations, and retired and sitting judges, justices, and magistrates;

"(4) assistance in identifying preparatory courses and material for the law school aptitude or admissions tests;

"(5) summer institutes for Thurgood Marshall Fellows that expose the Fellows to a rigorous curricu-

lum that emphasizes abstract thinking, legal analysis, research, writing, and examination techniques; and

"(6) midyear seminars and other educational activities that are designed to reinforce reading, writing, and studying skills of Thurgood Marshall Fellows.

"(e) DURATION OF THE PROVISION OF SERVICES.—The services described in subsection (d) may be provided—

"(1) prior to the period of law school study;

"(2) during the period of law school study; and

"(3) during the period following law school study and prior to taking a bar examination.

"(f) SUBCONTRACTS AND SUBGRANTS.—For the purposes of planning, developing, or delivering one or more of the services described in subsection (d), the Council on Legal Education Opportunity shall enter into subcontracts with, and make subgrants to, institutions of higher education, law schools, public and private agencies and organizations, and combinations of such institutions, schools, agencies, and organizations.

"(g) STIPENDS.—The Secretary shall annually establish the maximum stipend to be paid (including allowances for participant travel and for the travel of the dependents of the participant) to Thurgood Marshall Fellows for the period of participation in summer institutes and midyear

seminars. A Fellow may be eligible for such a stipend only if the Fellow maintains satisfactory academic progress toward the Juris Doctor or Bachelor of Laws degree, as determined by the respective institutions.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and each of the 4 succeeding fiscal years.

"PART I—GENERAL PROVISIONS

"SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A, B, AND C.

"(a) COORDINATED ADMINISTRATION.—In carrying out the purpose described in section 500(1), the Secretary shall provide for coordinated administration and regulation of graduate programs assisted under parts A, B, and C with other Federal programs providing assistance for graduate education in order to minimize duplication and improve efficiency to ensure that the programs are carried out in a manner most compatible with academic practices and with the standard timetables for applications for, and notifications of acceptance to, graduate programs.

"(b) HIRING AUTHORITY.—For purposes of carrying out parts A, B, and C, the Secretary shall appoint, without regard to the provisions of title 5, United States Code, that govern appointments in the competitive service, such ad-

ministrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such parts. The employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(c) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No institutional payment or allowance under section 503(b) or 516 shall be paid to a school or department of divinity as a result of the award of a fellowship under part A or B, respectively, to an individual who is studying for a religious vocation.

"(d) EVALUATION.—The Secretary shall evaluate the success of assistance provided to individuals under part A, B, or C with respect to graduating from their degree programs, and placement in faculty and professional positions.

"(e) CONTINUATION AWARDS.—The Secretary, using funds appropriated to carry out parts A and B, and before awarding any assistance under such parts to a recipient that did not receive assistance under part C or D of title IX (as such parts were in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall continue to provide funding to recipients of assistance under such part C or D (as so in effect), as the case may be, pursuant to any multiyear award of such assistance.".

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

Part A of title VI (20 U.S.C. 1121 et seq.) is amended to read as follows:

"PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

"SEC. 601. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that—

"(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

"(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

"(3) systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States for—

"(A) producing graduates with international and foreign language expertise and knowledge; and

"(B) research regarding such expertise and knowledge.

"(b) PURPOSES.—It is the purpose of this part—

"(1) to assist in the development of knowledge, international study, resources and trained personnel;

"(2) to stimulate the attainment of foreign language acquisition and fluency;

"(3) to develop a pool of international experts to meet national needs; and

"(4) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

"SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.

"(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

"(1) CENTERS AND PROGRAMS.—

"(A) IN GENERAL.—The Secretary is authorized—

"(i) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

"(ii) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs.

"(B) NATIONAL RESOURCES.—The centers and programs referred to in paragraph (1) shall be national resources for—

"(i) teaching of any modern foreign language;

"(ii) instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used;

"(iii) research and training in international studies, and the international and foreign language aspects of professional and other fields of study; and

"(iv) instruction and research on issues in world affairs which concern one or more countries.

"(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

"(A) faculty, staff, and student travel in foreign areas, regions, or countries;

"(B) teaching and research materials;

"(C) curriculum planning and development;

"(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

"(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the teaching and research of the center or program; and

"(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out this section.

"(3) GRANTS TO MAINTAIN LIBRARY COLLECTIONS.—The Secretary may make grants to centers described in paragraph (1) having important library collections, as determined by the Secretary, for the maintenance of such collections.

"(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

"(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

"(B) Programs of linkage or outreach with 2-year and 4-year colleges and universities.

"(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

"(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

"(E) Summer institutes in foreign area, foreign language, and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D).

"(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

"(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary.

"(2) REQUIREMENTS.—Students receiving stipends described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

"(3) ALLOWANCES.—Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

"(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

"SEC. 603. LANGUAGE RESOURCE CENTERS.

"(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall

serve as resources to improve the capacity to teach and learn foreign languages effectively.

"(b) AUTHORIZED ACTIVITIES.—The activities carried out by the centers described in subsection (a)—

"(1) shall include effective dissemination efforts, whenever appropriate; and

"(2) may include—

"(A) the conduct and dissemination of research on new and improved teaching methods, including the use of advanced educational technology;

"(B) the development and dissemination of new teaching materials reflecting the use of such research in effective teaching strategies;

"(C) the development, application, and dissemination of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

"(D) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

"(E) the publication and dissemination to individuals and organizations in the foreign lan-

guage field of instructional materials in the less commonly taught languages;

"(F) the development and dissemination of materials designed to serve as a resource for foreign language teachers at the elementary and secondary school levels; and

"(G) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.

"(c) CONDITIONS FOR GRANTS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

"SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

"(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGES.—

"(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships be-

tween nonprofit educational institutions and institutions of higher education, to assist such institutions, combinations or partnerships in planning, developing, and carrying out programs to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions, combinations or partnerships seeking to create new programs or to strengthen existing programs in area studies, foreign languages, and other international fields.

"(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

"(A) planning for the development and expansion of undergraduate programs in international studies and foreign languages;

"(B) teaching, research, curriculum development, faculty training in the United States or abroad, and other related activities, including the expansion of library and teaching resources;

"(C) expansion of opportunities for learning foreign languages, including less commonly taught languages;

"(D) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

"(E) programs designed to develop or enhance linkages between 2-year and 4-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

"(F) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available and the integration of these programs into specific on-campus degree programs;

"(G) the development of model programs to enhance the effectiveness of study abroad, including predeparture and post return programs;

"(H) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

"(I) the conduct of summer institutes in foreign area, foreign language, and other international fields for purposes that are consistent with the projects and activities described in this subsection; and

"(J) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge.

"(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State, private sector, corporation, or foundation contributions.

"(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education, combinations or partnerships that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a 2-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

"(5) GRANT CONDITIONS.—Grants under this subsection shall be made on such conditions as the

Secretary determines to be necessary to carry out this subsection.

"(6) APPLICATION.—Each application for assistance under this subsection shall include—

"(A) evidence that the applicant has conducted extensive planning prior to submitting the application;

"(B) an assurance that the faculty and administrators of all relevant departments and programs served by the applicant are involved in ongoing collaboration with regard to achieving the stated objectives of the application;

"(C) an assurance that students at the applicant institutions, as appropriate, will have equal access to, and derive benefits from, the program assisted under this subsection; and

"(D) an assurance that each institution, combination or partnership will use the Federal assistance provided under this subsection to supplement and not supplant funds expended by the institution, prior to the receipt of the Federal assistance, for programs to improve undergraduate instruction in international studies and foreign languages.

"(7) EVALUATION.—The Secretary may establish requirements for program evaluations and require grant recipients to submit annual reports that evaluate the progress and performance of students participating in programs assisted under this subsection.

"(b) PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to improving undergraduate international studies and foreign language programs.

"SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.

"(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part. Such research and studies may include—

"(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

"(2) studies and surveys to assess the utilization of graduates of programs supported under this title by

governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

"(3) evaluation of the extent to which programs assisted under this title that address national needs would not otherwise be offered;

"(4) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

"(5) research on more effective methods of providing instruction and achieving competency in foreign languages;

"(6) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists;

"(7) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies, and testing techniques throughout the education community, including elementary and secondary schools; and

"(8) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

"(b) ANNUAL REPORT.—The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

"SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.

"(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

"(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

"(c) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of the grant funds throughout the United States, based on the merit of a proposal as determined pursuant to a peer review process involving broadly representative professionals.

"SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

"(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

"(b) EQUITABLE DISTRIBUTION.—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the United States.

"(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

"SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.

"(a) CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereafter in this section referred to as a "center") to enable such center to promote postgraduate research, exchanges and area studies.

"(b) USE OF GRANTS.—Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including—

"(1) the cost of faculty and staff stipends and salaries;

"(2) the cost of faculty, staff, and student travel;

"(3) the cost of the operation and maintenance of overseas facilities;

"(4) the cost of teaching and research materials;

"(5) the cost of acquisition, maintenance, and preservation of library collections;

"(6) the cost of bringing visiting scholars and faculty to a center to teach or to conduct research;

"(7) the cost of organizing and managing conferences; and

"(8) the cost of publication and dissemination of material for the scholarly and general public.

"(c) LIMITATION.—The Secretary shall only award grants to and enter into contracts with centers under this section that—

"(1) receive more than 50 percent of their funding from public or private United States sources;

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

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

"(d) DEVELOPMENT GRANTS.—The Secretary is authorized to make grants for the establishment of new centers. The grants may be used to fund activities that, within 1

year, will result in the creation of a center described in subsection (c).

"SEC. 609. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

Part B of title VI (20 U.S.C. 1130 et seq.) is amended—

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

(A) in subsection (c)—

(i) in paragraph (1)—

(I) in subparagraph (B), by striking "advanced"; and

(II) in subparagraph (C), by striking "evening or summer"; and

(ii) in paragraph (2)(C), by inserting "foreign language," after "studies,"; and

(B) in subsection (d)(2)(G), by inserting ", such as a representative of a community college in the region served by the center" before the period; and

(2) in section 614 (20 U.S.C. 1130b)—

(A) in subsection (a), by striking "1993" and inserting "1999"; and

(B) in subsection (b), by striking "1993" and inserting "1999".

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

Part C of title VI (20 U.S.C. 1131 et seq.) is amended—

(1) in section 621(e) (20 U.S.C. 1131(e))—

(A) by striking "one-fourth" and inserting "one-half"; and

(B) by adding at the end the following: "The non-Federal contribution shall be made from private sector sources.";

(2) by redesignating sections 622 through 627 (20 U.S.C. 1131a and 1131f) as sections 623 through 628, respectively; and

(3) by inserting after section 621 (20 U.S.C. 1131) the following:

"SEC. 622. INSTITUTIONAL DEVELOPMENT.

"(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, Tribally Controlled Colleges or Universities, and minority institutions, to enable such colleges,

universities, and institutions to strengthen international affairs programs.

"(b) APPLICATION.—No grant may be made by the Institute unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

"(c) DEFINITIONS.—In this section—

"(1) the term 'historically Black college and university' has the meaning given the term in section 322;

"(2) the term 'Hispanic-serving institution' has the meaning given the term in section 585;

"(3) the term 'Tribally Controlled College or University' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and

"(4) the term 'minority institution' has the meaning given the term in section 365.";

(4) in section 623 (as redesignated by paragraph (2))—

*(A) in the section heading, by striking "**JUNIOR YEAR**" and inserting "**STUDY**";*

(B) in subsection (b)(2)—

(i) by inserting ", or completing the third year of study in the case of a summer abroad program," after "study"; and

(ii) by striking "junior year" and inserting "study";

(C) in subsection (c)—

(i) in the matter preceding paragraph (1), by striking "junior year" and inserting "study";

(ii) in paragraph (1), by striking "junior year" and inserting "study"; and

(iii) in paragraph (2)—

(I) by striking "one-half" and inserting "one-third"; and

(II) by striking "junior year" and inserting "study";

(5) in section 627 (as redesignated by paragraph (2)) (20 U.S.C. 1131e), by striking "625" and inserting "626"; and

(6) in section 628 (as redesignated by paragraph (2)) (20 U.S.C. 1131f), by striking "1993" and inserting "1999".

SEC. 604. GENERAL PROVISIONS.

Section 632 (20 U.S.C. 1132–1) is repealed.

TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER ACTS

PART A—INDIAN EDUCATION PROGRAMS

SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978.

(a) REAUTHORIZATION.—

(1) AMOUNT OF GRANTS.—Section 108(a)(2) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1808(a)(2)) is amended by striking "$5,820" and inserting "$6,000".

(2) AUTHORIZATION OF APPROPRIATIONS.—

(A) TITLE I.—Section 110(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1810(a)) is amended—

(i) in paragraph (1), by striking "1993" and inserting "1999";

(ii) in paragraph (2), by striking "$30,000,000 for fiscal year 1993" and inserting "$40,000,000 for fiscal year 1999";

(iii) in paragraph (3), by striking "1993" and inserting "1999"; and

(iv) in paragraph (4), by striking "1993" and inserting "1999".

(B) TITLE III.—Section 306(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1836(a)) is amended by striking "1993" and inserting "1999".

(C) TITLE IV.—Section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990 (25 U.S.C. 1852) is amended by striking "1993" and inserting "1999".

(b) NAME CHANGE.—The Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) is amended—

(1) by striking "community college" each place the term appears and inserting "college or university";

(2) by striking "Community College" each place the term appears (other than when such term is preceded by the term "Navajo") and inserting "College or University";

(3) by striking "community colleges" each place the term appears and inserting "colleges or universities";

(4) by striking "such college" each place the term appears and inserting "such college or university"; and

(5) by striking "community college's" and inserting "college or university's".

SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT.

Section 1531 of the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act (20 U.S.C. 4451) is amended to read as follows:

"SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out part A $5,000,000 for fiscal year 1999.".

SEC. 713. NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c–1(a)(1)) is amended by striking "1993" and inserting "1999".

PART B—ADVANCED PLACEMENT INCENTIVE PROGRAM

SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States having applications approved under subsection (d), from allotments under subsection (b), to enable the States to reimburse low-income individuals to cover part or all of the cost of advanced placement test fees, if the low-income individuals—

(1) are enrolled in an advanced placement class; and

(2) plan to take an advanced placement test.

(b) ALLOTMENT.—From the sum appropriated under subsection (j) for a fiscal year, the Secretary shall allot to each State an amount that bears the same relation to the sum as the number of low-income individuals in the State bears to the number of low-income individuals in all States.

(c) INFORMATION DISSEMINATION.—The State educational agency may use not more than 5 percent of grant funds received for a fiscal year to disseminate information regarding the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

(d) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

(2) require an assurance that any funds received under this section, other than funds used in accordance with subsection (c), shall be used only to pay advanced placement test fees; and

(3) contain such information as the Secretary may require to demonstrate that the State will ensure that a student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a–11 et seq.).

(e) FUNDING RULE.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, local or private funds available to assist low-income individuals in paying for advanced placement testing, except that such funds may be used to supplant the funds so available if the funds used to supplant are used to increase the participation of low-income individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of advanced placement courses.

(f) SPECIAL RULE.—The Secretary of Education shall only award grants under this section for a fiscal year if the amount the College Board spends for the College Board's fee assistance program for low-income students for the fiscal year is not less than the amount the College Board spent for such program for the preceding fiscal year.

(g) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

(h) REPORT.—Each State annually shall report to the Secretary of Education regarding—

(1) the number of low-income individuals in the State who receive assistance under this section; and

(2) the teacher training and other activities described in subsection (e).

(i) DEFINITION.—In this section:

(1) ADVANCED PLACEMENT TEST.—The term "advanced placement test" includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

(2) LOW-INCOME INDIVIDUAL.—The term "low-income individual" has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–11(g)(2)).

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

PART C—UNITED STATES INSTITUTE OF PEACE

SEC. 731. AUTHORITIES OF THE UNITED STATES INSTITUTE OF PEACE.

The United States Institute of Peace Act (22 U.S.C. 4601 et seq.) is amended—

(1) in section 1705 (22 U.S.C. 4604)—

(A) in subsection (f), by inserting "personal service and other" after "may enter into"; and

(B) in subsection (o), by inserting after "Services" the following: "and use all sources of supply and services of the General Services Administration";

(2) in section 1710(a)(1) (22 U.S.C. 4609(a)(1))—

(A) by striking "1993" and inserting "1999"; and

(B) by striking "6" and inserting "4"; and

(3) in the second and third sentences of section 1712 (22 U.S.C. 4611), by striking "shall" each place the term appears and inserting "may".

PART D—COMMUNITY SCHOLARSHIP MOBILIZATION

SEC. 741. SHORT TITLE.

This part may be cited as the "Community Scholarship Mobilization Act."

SEC. 742. FINDINGS.

Congress finds that—

(1) the local community, when properly organized and challenged, is one of the best sources of academic support, motivation toward achievement, and

financial resources for aspiring postsecondary students;

(2) local communities, working to complement or augment services currently offered by area schools and colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally-based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement, and recognition) and tangible, locally raised, effectively targeted, publicly recognized, financial assistance;

(3) proven methods of stimulating these community efforts can be promoted through Federal support for the establishment of regional, State or community program centers to organize and challenge community efforts to develop educational incentives and support for local students; and

(4) using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

SEC. 743. DEFINITIONS.

In this part:

(1) REGIONAL, STATE OR COMMUNITY PROGRAM CENTER.—The term "regional, State or community program center" means an organization that—

(A) is a division or member of, responsible to, and overseen by, a national organization; and

(B) is staffed by professionals trained to create, develop, and sustain local entities in towns, cities, and neighborhoods.

(2) LOCAL ENTITY.—The term "local entity" means an organization that—

(A) is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code (or shall meet this criteria through affiliation with the national organization);

(B) is formed for the purpose of providing educational scholarships and academic support for residents of the local community served by such organization;

(C) solicits broad-based community support in its academic support and fund-raising activities;

(D) is broadly representative of the local community in the structures of its volunteer-operated organization and has a board of directors that includes leaders from local neighborhood organizations and neighborhood residents, such as school or college personnel, parents, students, community agency representatives, retirees, and representatives of the business community;

(E) awards scholarships without regard to age, sex, marital status, race, creed, color, religion, national origin or disability; and

(F) gives priority to awarding scholarships for postsecondary education to deserving students from low-income families in the local community.

(3) NATIONAL ORGANIZATION.—The term "national organization" means an organization that—

(A) has the capacity to create, develop and sustain local entities and affiliated regional, State or community program centers;

(B) has the capacity to sustain newly created local entities in towns, cities, and neighborhoods through ongoing training support programs;

(C) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code;

(D) is a publicly supported organization within the meaning of section 170(b)(1)(A)(iv) of such Code;

(E) ensures that each of the organization's local entities meet the criteria described in subparagraphs (C) and (D); and

(F) has a program for or experience in cooperating with secondary and postsecondary institutions in carrying out the organization's scholarship and academic support activities.

(4) HIGH POVERTY AREA.—The term "high poverty area" means a community with a higher percentage of children from low-income families than the national average of such percentage and a lower percentage of children pursuing postsecondary education than the national average of such percentage.

(5) STUDENTS FROM LOW-INCOME FAMILIES.—The term "students from low-income families" means students determined, pursuant to part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.), to be eligible for a Federal Pell Grant under

subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a).

SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.

(a) PURPOSE.—It is the purpose of this part to establish and support regional, State or community program centers to enable such centers to foster the development of local entities in high poverty areas that promote higher education goals for students from low-income families by—

(1) providing academic support, including guidance, counseling, mentoring, tutoring, and recognition; and

(2) providing scholarship assistance for the cost of postsecondary education.

(b) ENDOWMENT GRANT AUTHORITY.—From the funds appropriated pursuant to the authority of section 746, the Secretary shall award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of regional, State or community program centers that foster the development of local entities in high poverty areas to improve high school graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the cost of postsecondary education.

SEC. 745. GRANT AGREEMENT AND REQUIREMENTS.

(a) IN GENERAL.—The Secretary shall award one or more endowment grants described in section 744(b) pursuant to an agreement between the Secretary and a national organization. Such agreement shall—

(1) require a national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support the activities described in paragraphs (2) and (3);

(2) require a national organization to use 70 percent of the interest income from the endowment fund in any fiscal year to support the establishment or ongoing work of regional, State or community program centers to enable such centers to work with local communities to establish local entities in high poverty areas and provide ongoing technical assistance, training workshops, and other activities to help ensure the ongoing success of the local entities;

(3) require a national organization to use 30 percent of the interest income from the endowment fund in any fiscal year to provide scholarships for postsecondary education to students from low-income families, which scholarships shall be matched on a dollar-for-dollar basis from funds raised by the local entities;

(4) require that at least 50 percent of all the interest income from the endowment be allocated to establish new local entities or support regional, State or community program centers in high poverty areas;

(5) require a national organization to submit, for each fiscal year in which such organization uses the interest from the endowment fund, a report to the Secretary that contains—

(A) a description of the programs and activities supported by the interest on the endowment fund;

(B) the audited financial statement of the national organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the interest on the endowment fund as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the interest on the endowment fund as the Secretary may require; and

(E) data indicating the number of students from low-income families who receive scholarships from local entities, and the amounts of such scholarships;

(6) contain such assurances as the Secretary may require with respect to the management and operation of the endowment fund; and

(7) contain an assurance that if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, then the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is available to the national organization on the date of such determination.

(b) RETURNED FUNDS.—All funds returned to the Secretary pursuant to subsection (a)(7) shall be available to the Secretary to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

SEC. 746. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2000.

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

SEC. 751. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

(a) FINDINGS.—Congress makes the following findings:

(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

(4) The average incarcerated youth has attended school only through grade 10.

(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

(10) There is a need for alternative educational opportunities during incarceration and after release.

(b) DEFINITION.—For purposes of this part, the term "youth offender" means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

(c) GRANT PROGRAM.—The Secretary of Education (in this section referred to as the "Secretary") shall establish a program in accordance with this section to provide grants to the State correctional education agencies in the States, from allocations for the States under subsection (i), to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of

a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

(d) APPLICATION.—To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

(1) identifies the scope of the problem, including the number of incarcerated youths in need of postsecondary education and vocational training;

(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, which methods and measures—

(A) shall be appropriate to meet the goals and objectives of the proposal; and

(B) shall include measures of—

(i) program completion;

(ii) student academic and vocational skill attainment;

(iii) success in job placement and retention; and

(iv) recidivism;

(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

(7) describes how students will be selected so that only youth offenders eligible under subsection (f) will be enrolled in postsecondary programs.

(e) PROGRAM REQUIREMENTS.—Each State correctional education agency receiving a grant under this section shall—

(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

(A) work experience or apprenticeship programs;

(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

(C) placement services in occupations that the students are preparing to enter;

(D) employment-based learning programs; and

(E) programs that address State and local labor shortages;

(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the methods and performance measures contained in the proposal; and

(3) provide to each State for each student eligible under subsection (f) not more than $1,500 annually for tuition, books, and essential materials, and not more than $300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.

(f) STUDENT ELIGIBILITY.—A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

(1) is eligible to be released within 5 years (including a youth offender who is eligible for parole within such time); and

(2) is 25 years of age or younger.

(g) LENGTH OF PARTICIPATION.—A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma. Educational and related services shall start during the period of incarceration in prison or prerelease and may continue during the period of parole.

(h) EDUCATION DELIVERY SYSTEMS.—State correctional education agencies and cooperating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

(i) ALLOCATION OF FUNDS.—From the amounts appropriated pursuant to subsection (j), the Secretary shall allot to each State an amount that bears the same relation-

ship to such funds as the total number of students eligible under subsection (f) in such State bears to the total number of such students in all States.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $14,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART F—WEB-BASED EDUCATION COMMISSION

SEC. 753. SHORT TITLE; DEFINITIONS.

(a) IN GENERAL.—This part may be cited as the "Web-Based Education Commission Act".

(b) DEFINITIONS.—In this part:

(1) COMMISSION.—The term "Commission" means the Web-Based Education Commission established under section 754.

(2) INFORMATION TECHNOLOGY.—The term "information technology" has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

(3) STATE.—The term "State" means each of the several States of the United States and the District of Columbia.

SEC. 754. ESTABLISHMENT OF WEB-BASED EDUCATION COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Web-Based Education Commission.

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 14 members, of which—

(A) 3 members shall be appointed by the President, from among individuals representing the Internet technology industry;

(B) 3 members shall be appointed by the Secretary, from among individuals with expertise in accreditation, establishing statewide curricula, and establishing information technology networks pertaining to education curricula;

(C) 2 members shall be appointed by the Majority Leader of the Senate;

(D) 2 members shall be appointed by the Minority Leader of the Senate;

(E) 2 members shall be appointed by the Speaker of the House of Representatives; and

(F) 2 members shall be appointed by the Minority Leader of the House of Representatives.

(2) DATE.—The appointments of the members of the Commission shall be made not later than 45 days after the date of enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among its members.

SEC. 755. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a thorough study to assess the educational software available in retail markets for secondary and post-secondary students who choose to use such software.

(2) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United

States concerning the assessment referred to in paragraph (1).

(3) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the assessment referred to in paragraph (1).

(b) REPORT.—Not later than 6 months after the first meeting of the Commission, the Commission shall submit a report to the President and Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with its recommendations—

(1) for such legislation and administrative actions as the Commission considers to be appropriate; and

(2) regarding the appropriate Federal role in determining quality educational software products.

(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

(1) officials of the Federal Government, and State governments and political subdivisions of States; and

(2) educators from Federal, State, and local institutions of higher education and secondary schools.

SEC. 756. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this part.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this part. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 757. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the execu-

tive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 758. TERMINATION OF THE COMMISSION.

The Commission shall terminate on the date that is 90 days after the date on which the Commission submits its report under section 755(b).

SEC. 759. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $650,000 for fiscal year 1999 to the Commission to carry out this part.

(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.

PART G—EDUCATION OF THE DEAF

SEC. 761. SHORT TITLE.

This part may be cited as the "Education of the Deaf Amendments of 1998".

SEC. 762. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

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

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting "and" after the semicolon;

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C);

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

(A) by striking "paragraph (1)" and inserting "paragraph (1)(B)"; and

(B) by striking "section 618(b)" and inserting "section 618(a)(1)(A)";

(3) in paragraph (3), by striking "intermediate educational unit" and inserting "educational service agency";

(4) in paragraph (4)—

(A) in subparagraph (A), by striking "intermediate educational unit" and inserting "educational service agency"; and

(B) in subparagraph (B), by striking "intermediate educational units" and inserting "educational service agencies"; and

(5) by amending subparagraph (C) to read as follows:

"(C) provide the child a free appropriate public education in accordance with part B of the Individuals with Disabilities Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

"(i) paragraphs (1), and (3) through (6), of subsection (b).

"(ii) Subsections (c) through (g).

"(iii) Subsection (h), except for the matter in paragraph (4) pertaining to

transmission of findings and decisions to a State advisory panel.

"(iv) Paragraphs (1) and (2) of subsection (i).

"(v) Subsection (j)—

"(I) except that such subsection shall not be applicable to a decision by the University to refuse to admit a child; or

"(II) to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days written notice to the child's parents and to the local educational agency in which the child resides, unless the dismissal involves a suspension, expulsion, or other change in placement covered under section 615(k).

"(vi) Subsections (k) through (m).".

SEC. 763. AGREEMENT WITH GALLAUDET UNIVERSITY.

Section 105(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4305(a)) is amended—

(1) by striking "within 1 year after enactment of the Education of the Deaf Act Amendments of

1992, a new" and inserting "and periodically update, an"; and

(2) by amending the second sentence to read as follows: "The Secretary or the University shall determine the necessity for the periodic update described in the preceding sentence.".

SEC. 764. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

Paragraph (2) of section 112(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended to read as follows:

"(2) The Secretary and the institution of higher education with which the Secretary has an agreement under this section—

"(A) shall periodically assess the need for modification of the agreement; and

"(B) shall periodically update the agreement as determined necessary by the Secretary or the institution.".

SEC. 765. DEFINITIONS.

Section 201 of the Education of the Deaf Act of 1986 (20 U.S.C. 4351) is amended—

(1) in paragraph (1)(C), by striking "Palau (but only until the Compact of Free Association with Palau takes effect),"; and

(2) in paragraph (5)—

(A) by inserting "and" after "Virgin Islands,"; and

(B) by striking ", and Palau (but only until the Compact of Free Association with Palau takes effect)".

SEC. 766. GIFTS.

Subsection (b) of section 203 of the Education of the Deaf Act of 1986 (20 U.S.C. 4353) is amended to read as follows:

"(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

"(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.

"(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through (f), of section 207, and subsections (b) and (c) of section 210.

"(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary within 15 days of acceptance of the audit by the University or the institution authorized to establish and operate the NTID under section 112(a), as the case may be, but not later than January 10 of each year.".

SEC. 767. REPORTS.

Section 204(3) of the Education of the Deaf Act of 1986 (20 U.S.C. 4354(3)) is amended—

(1) in subparagraph (A), by striking "The annual" and inserting "A summary of the annual"; and

(2) in subparagraph (B), by striking "the annual" and inserting "a summary of the annual".

SEC. 768. MONITORING, EVALUATION, AND REPORTING.

Section 205(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4355(c)) is amended by striking "1993, 1994, 1995, 1996, and 1997" and inserting "1998 through 2003".

SEC. 769. INVESTMENTS.

Section 207 of the Education of the Deaf Act of 1986 (20 U.S.C. 4357) is amended—

(1) in subsection (c)(1), by inserting "the Federal contribution of" after "shall invest";

(2) in subsection (d)(3)(A), by striking "prior" and inserting "current"; and

(3) in subsection (h)—

(A) in paragraph (1), by striking "1993 through 1997" and inserting "1998 through 2003"; and

(B) in paragraph (2), by striking "1993 through 1997" and inserting "1998 through 2003".

SEC. 770. INTERNATIONAL STUDENTS.

Section 210(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended by inserting before the period ", except that in any school year no United States citizen who is qualified to be admitted to the University or NTID and applies for admission to the University or NTID shall be denied admission because of the admission of an international student".

SEC. 771. RESEARCH PRIORITIES.

Section 211 of the Education of the Deaf Act of 1986 (20 U.S.C. 4360) is amended to read as follows:

"SEC. 211. RESEARCH PRIORITIES.

"(a) RESEARCH PRIORITIES.—Gallaudet University and the National Technical Institute for the Deaf shall each establish and disseminate priorities for their national mission with respect to deafness related research, development, and demonstration activities, that reflect public input, through a process that includes consumers, constituent groups, and the heads of other federally funded programs. The priorities for the University shall include activities conducted as part of the University's elementary and secondary education programs under section 104.

"(b) RESEARCH REPORTS.—The University and NTID shall each prepare and submit an annual research report, to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Labor and Human Resources of the Senate, not later than January 10 of each year, that shall include—

"(1) a summary of the public input received as part of the establishment and dissemination of priorities required by subsection (a), and the University's and NTID's response to the input; and

"(2) a summary description of the research undertaken by the University and NTID, the start and projected end dates for each research project, the projected cost and source or sources of funding for each

project, and any products resulting from research completed in the prior fiscal year.".

SEC. 772. AUTHORIZATION OF APPROPRIATIONS.

Title II of the Education of the Deaf Act of 1986 (20 U.S.C. 4351 et seq.) is amended by adding at the end the following:

"SEC. 212. AUTHORIZATION OF APPROPRIATIONS.

"(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II, relating to—

"(1) Gallaudet University;

"(2) Kendall Demonstration Elementary School; and

"(3) the Model Secondary School for the Deaf.

"(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II relating to the National Technical Institute for the Deaf.".

SEC. 773. COMMISSION ON EDUCATION OF THE DEAF.

The Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.) is amended by adding at the end the following:

"TITLE III—COMMISSION ON EDUCATION OF THE DEAF

"SEC. 301. COMMISSION ESTABLISHED.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a Commission on the Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in barriers to successful postsecondary education experiences and employment, and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education experiences and employment.

"(2) DEFINITION OF INDIVIDUALS WHO ARE DEAF.—In this title, the term 'individuals who are deaf' means all persons with hearing impairments, including those who are hard-of-hearing, those deafened later in life, and those who are profoundly deaf.

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Commission shall be composed of 13 members appointed by the Secretary from recommendations made by the National Association of the Deaf, the American Society for Deaf Children, the Alexander Graham Bell Association, the President of Gallaudet, the Vice President of the Na-

tional Technical Institute for the Deaf, State Schools for the Deaf, projects to train teachers of the deaf funded under section 673(b) of the Individuals with Disabilities Education Act, parent training and information centers funded under section 682 of such Act, the Regional Centers on Postsecondary Education for Individuals who are Deaf funded under section 672 of such Act, Self-Help for Hard of Hearing People, and the Cothe Council on Education of the Deaf.

"(2) QUALIFICATIONS.—

"(A) IN GENERAL.—Members of the Commission shall be appointed from among individuals who have broad experience and expertise in deafness, program evaluation, education, rehabilitation, and job training generally, which expertise and experience shall be directly relevant to the issues to be addressed by the Commission.

"(B) DEAF INDIVIDUALS.—At least 1/3 of members of the Commission shall be individuals who are deaf.

"(C) CHAIRPERSON.—The chairperson of the Commission shall be elected by a simple majority of the Commission.

"(D) ASSISTANT SECRETARY.—One member of the Commission shall be the Assistant Secretary for Special Education and Rehabilitative Services.

"(3) DATE.—Members of the Commission shall be appointed not later than 90 days after the date of enactment of the Education of the Deaf Amendments of 1998.

"SEC. 302. DUTIES, REPORT, AND DURATION OF THE COMMISSION.

"(a) IDENTIFICATION OF FACTORS.—The Commission shall identify, with respect to individuals who are deaf, factors that pose barriers to or factors that facilitate—

"(1) educational performance and progress of students who are deaf in high school;

"(2) educational performance and progress of students who are deaf in postsecondary education;

"(3) career exploration and selection;

"(4) job performance and satisfaction in initial postsecondary employment; and

"(5) career advancement and satisfaction.

"(b) REPORT.—The Commission shall report to the President and Congress such interim reports that the Commission deems appropriate, and not later than 18 months after the date of enactment of the Education of the Deaf

Amendments of 1998, a final report containing the findings of the Commission with respect to the factors identified under subsection (a). The final report shall include recommendations, including legislative proposals, that the Commission deems advisable.

"(c) TERMINATION.—The Commission shall terminate 90 days after the date on which the Commission submits the Commission's final report described in subsection (b).

"SEC. 303. ADMINISTRATIVE PROVISIONS.

"(a) PERSONNEL.—

"(1) IN GENERAL.—The Commission may appoint such personnel, including a staff director, as the Commission deems necessary without regard to the provisions of title 5, United States Code, except that the rate pay for any employee of the Commission may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

"(2) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay pre-

scribed for level V of the Executive Schedule under section 5316 of such title.

"(b) HEARINGS; QUORUM.—

"(1) HEARINGS.—The Commission or, with the authorization of the Commission, any committee of the Commission, may, for the purpose of carrying out the provisions of this title, hold such hearings, sit, and act at such times and such places in the United States as the Commission or such committee may deem advisable.

"(2) QUORUM.—Seven members of the Commission shall constitute a quorum, but 2 or more members may conduct hearings.

"(3) HEARINGS AND PUBLIC INPUT.—In conducting hearings and acquiring public input under this title, the Commission may use various telecommunications media, including teleconferencing, video-conferencing, the Internet, and other media.

"(c) CONSULTATION; INFORMATION AND STATISTICS; AGENCY COOPERATION.—

"(1) IN GENERAL.—In carrying out the Commission's duties under this title and to the extent not prohibited by Federal law, the Commission is authorized to secure consultation, information, statistics, and cooperation from Federal agencies, entities fund-

ed by the Federal Government, and other entities the Commission deems advisable.

"(2) SPECIAL RULE.—The Commission is authorized to use, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

"SEC. 304. COMPENSATION OF MEMBERS.

"(a) UNITED STATES OFFICER AND EMPLOYEE MEMBERS.—Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

"(b) PUBLIC MEMBERS.—Members of the Commission who are not officers or full-time employees of the United States shall receive compensation at a rate that does not exceed the daily rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such members are engaged in the actual performance of the du-

ties of the Commission. In addition, such members may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

"SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 and 2000.".

PART H—REPEALS

SEC. 781. REPEALS.

(a) HIGHER EDUCATION ACT OF 1965.—The following provisions of the Act (20 U.S.C. 1001 et seq.) are repealed:

(1) The heading for, sections 701 and 702 of, and parts A, C, D, and E of, title VII (20 U.S.C. 1132a, 1132a–1, 1132b et seq., 1132d et seq., 1132f et seq., and 1132i et seq.).

(2) Title VIII (20 U.S.C. 1133 et seq.).

(3) The heading for, section 901 of, and parts A, B, E, F, and G of, title IX (20 U.S.C. 1134, 1134a et seq., 1134d et seq., 1134r et seq., 20 U.S.C. 1134s et seq., and 1134u et seq.).

(4) The heading for, subpart 2 of part B of, and parts C, D and E of, title X (20 U.S.C. 1135c et seq., 1135e et seq., 1135f, and 1135g et seq.).

(5) The heading for, and part B of, title XI (20 U.S.C. 1137 et seq.).

(b) HIGHER EDUCATION AMENDMENTS OF 1992.—The following provisions of the Higher Education Amendments of 1992 (Public Law 102–325; 106 Stat 448) are repealed:

(1) Parts E, F, and G of title XIII of the Higher Education Amendments of 1992 (25 U.S.C. 3332 et seq., 3351 et seq., 3371) are repealed.

(2) Title XIV.

(3) Title XV.

PART I—MISCELLANEOUS

SEC. 791. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT OF EDUCATION.

In order to ensure that the processing, delivery, and administration of grant, loan, and work assistance provided under title IV of the Higher Education Act of 1965 is not interrupted due to operational problems related to the inability of computer systems to indicate accurately dates after December 31, 1999, the Secretary shall—

(1) take such actions as are necessary to ensure that all internal and external systems, hardware and data exchange infrastructure administered by the De-

partment of Education that are necessary for the processing, delivery, and administration of the grant, loan, and work assistance are year 2000 compliant, such that there will be no business interruption after December 31, 1999;

(2) ensure that the Robert T. Stafford Federal Student Loan Program and the William D. Ford Federal Direct Loan Program are equal in level of priority with respect to addressing, and that resources are managed to provide for successful resolution of, the year 2000 computer problem in both programs by December 31, 1999;

(3) work with institutions of higher education, guaranty agencies, third party servicers, and other persons to ensure successful data exchanges necessary for the processing, delivery, and administration of the grant, loan, and work assistance;

(4) ensure that the Inspector General of the Department of Education (or an external, independent entity selected by the Inspector General) performs and publishes a risk assessment of the systems and hardware under the Department's management, that has been reviewed by an independent entity, and make such assessment publicly available not later than 60

days after the date of enactment of the Higher Education Amendments of 1998;

(5) not later than June 30, 1999, ensure that the Inspector General (or an external, independent entity selected by the Inspector General) conducts a review of the Department's Year 2000 compliance for the processing, delivery, and administration systems and data exchange systems for the grant, loan, and work assistance, and submits a report reflecting the results of that review to the Chairperson of the Committee on Labor and Human Resources of the Senate and the Chairperson of the Committee on Education and the Workforce of the House of Representatives;

(6) develop a contingency plan to ensure the programs under title IV of the Higher Education Act of 1965 will continue to run uninterrupted in the event of a computer failure after December 31, 1999, which the contingency plan shall include a prioritization of mission critical systems and strategies to allow data partners to transfer data; and

(7) alert Congress at the earliest possible time if mission critical deadlines will not be met.

SEC. 792. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Attorney General is authorized to make grants to institutions of higher education, for use by consortia consisting of campus personnel, student organizations, campus administrators, security personnel, and regional crisis centers affiliated with the institution, to develop and strengthen effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victim services agencies.

(2) AWARD BASIS.—The Attorney General shall award grants and contracts under this section on a competitive basis.

(3) EQUITABLE PARTICIPATION.—The Attorney General shall make every effort to ensure—

(A) the equitable participation of private and public institutions of higher education in the activities assisted under this section; and

(B) the equitable geographic distribution of grants under this section among the various regions of the United States.

(b) USE OF GRANT FUNDS.—Grants funds awarded under this section may be used for the following purposes:

(1) To provide personnel, training, technical assistance, data collection, and other equipment with respect to the increased apprehension, investigation, and adjudication of persons committing violent crimes against women on campus.

(2) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(3) To develop, train, or expand campus security personnel and campus administrators with respect to specifically targeting violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(4) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(5) To develop, install, or expand data collection and communication systems, including computerized

systems, linking campus security to the local law enforcement for the purpose of identifying and tracking arrests, protection orders, violations of protection orders, prosecutions, and convictions with respect to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(6) To develop, enlarge, or strengthen victim services programs for the campus and to improve delivery of victim services on campus.

(7) To provide capital improvements on campus to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(8) To support improved coordination among campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

(c) APPLICATIONS.—

(1) IN GENERAL.—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Attorney General at such time and in such manner as the Attorney General shall prescribe.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

(B) describe how the campus authorities shall consult and coordinate with nonprofit, nongovernmental victim services programs, including sexual assault and domestic violence victim services programs;

(C) describe the characteristics of the population being served, including type of campus, demographics of the population, and number of students;

(D) provide measurable goals and expected results from the use of the grants funds;

(E) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made available by the institution for the purposes described in subsection (b); and

(F) include such other information and assurances as the Attorney General reasonably determines to be necessary.

(d) GRANTEE REPORTING.—Each institution of higher education receiving a grant under this section, upon completion of the grant period under this section, shall file a performance report with the Attorney General explaining the activities carried out under the grant, together with an assessment of the effectiveness of the activities in achieving the purposes described in subsection (b).

(e) DEFINITIONS.—In this section—

(1) the term "domestic violence" includes acts or threats of violence, not including acts of self defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction;

(2) the term "sexual assault" means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special

maritime and territorial jurisdiction of the United States or in a Federal prison, including both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

(3) the term "victim services" means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women's centers, rape crisis centers, battered women's shelters, and other sexual assault or domestic violence programs, including campus counseling support and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

(f) GENERAL TERMS AND CONDITIONS.—

(1) NONMONETARY ASSISTANCE.—In addition to the assistance provided under this section, the Attorney General may request any Federal agency to use the agency's authorities and the resources granted to the agency under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) in support of campus security, and investigation and victim service efforts.

(2) REPORTING.—Not later than 180 days after the end of the fiscal year for which grants are awarded under this section, the Attorney General shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

(A) the number of grants, and the amount of funds, distributed under this section;

(B) a summary of the purposes for which the grants were provided and an evaluation of the progress made under the grant;

(C) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, language, disability, relationship to offender, geographic distribution, and type of campus; and

(D) an evaluation of the effectiveness of programs funded under this section.

(3) REGULATIONS OR GUIDELINES.—Not later than 120 days after the date of enactment of this section, the Secretary shall publish proposed regulations or guidelines implementing this section. Not later than 180 days after the date of enactment of this section, the Attorney General shall publish final regulations or guidelines implementing this section.

(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1999 through 2002.

SEC. 793. AUTHORITY TO ADMINISTER SUMMER TRAVEL AND WORK PROGRAMS.

The Director of the United States Information Agency is authorized to administer summer travel and work programs without regard to preplacement requirements.

SEC. 794. IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.

(a) ESTABLISHMENT.—The Director of the National Science Foundation is authorized, beginning in fiscal year 2000, to carry out an interdisciplinary program of education and research on East Asian science, engineering, and technology. The Director shall carry out the interdisciplinary program in consultation with the Secretary of Education.

(b) PURPOSES.—The purposes of the program established under this section shall be to—

(1) increase understanding of East Asian research, and innovation for the creative application of science and technology to the problems of society;

(2) provide scientists, engineers, technology managers, and students with training in East Asian languages, and with an understanding of research, technology, and management of innovation, in East Asian countries;

(3) provide program participants with opportunities to be directly involved in scientific and engineering research, and activities related to the management of scientific and technological innovation, in East Asia; and

(4) create mechanisms for cooperation and partnerships among United States industry, universities, colleges, not-for-profit institutions, Federal laboratories (within the meaning of section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))), and government, to disseminate the results of the program assisted under this section for the benefit of United States research and innovation.

(c) PARTICIPATION BY FEDERAL SCIENTISTS, ENGINEERS, AND MANAGERS.—Scientists, engineers, and managers of science and engineering programs in Federal agencies and the Federal laboratories shall be eligible to participate in the program assisted under this section on a reimbursable basis.

(d) REQUIREMENT FOR MERIT REVIEW.—Awards made under the program established under this section shall only be made using a competitive, merit-based review process.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 2000.

SEC. 795. UNDERGROUND RAILROAD EDUCATIONAL AND CULTURAL PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education, in consultation and cooperation with the Secretary of the Interior, is authorized to make grants to 1 or more nonprofit educational organizations that are established to research, display, interpret, and collect artifacts relating to the history of the Underground Railroad.

(b) GRANT AGREEMENT.—Each nonprofit educational organization awarded a grant under this section shall enter into an agreement with the Secretary of Education. Each such agreement shall require the organization—

(1) to establish a facility to house, display, and interpret the artifacts related to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education that award a baccalaureate or graduate degree;

(2) to demonstrate substantial private support for the facility through the implementation of a public-private partnership between a State or local public entity and a private entity for the support of the facility, which private entity shall provide matching funds for the support of the facility in an amount equal to 4 times the amount of the contribution of the State or local public entity, except that not more than 20 percent of the matching funds may be provided by the Federal Government;

(3) to create an endowment to fund any and all shortfalls in the costs of the on-going operations of the facility;

(4) to establish a network of satellite centers throughout the United States to help disseminate information regarding the Underground Railroad throughout the United States, if such satellite centers raise 80 percent of the funds required to establish the satellite centers from non-Federal public and private sources;

(5) to establish the capability to electronically link the facility with other local and regional facilities that have collections and programs which interpret the history of the Underground Railroad; and

(6) to submit, for each fiscal year for which the organization receives funding under this section, a report to the Secretary of Education that contains—

(A) a description of the programs and activities supported by the funding;

(B) the audited financial statement of the organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the funding as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the funding as the Secretary may require.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $6,000,000 for fiscal year 1999, $6,000,000 for fiscal year 2000, $6,000,000 for fiscal year 2001, $3,000,000 for fiscal year 2002, and $3,000,000 for fiscal year 2003.

SEC. 796. GNMA GUARANTEE FEE.

(a) IN GENERAL.—Section 306(g)(3)(A) of the National Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended by striking "No fee or charge" and all that follows through "States)" and inserting "The Association shall assess and collect a fee in an amount equal to 9 basis points".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2002.

SEC. 797. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.

(a) PROTECTION OF RIGHTS.—It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under the Higher Education Act of 1965, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education; or

(2) to prevent an institution of higher education from taking appropriate and effective action to pre-

vent violations of State liquor laws, to discourage binge drinking and other alcohol abuse, to protect students from sexual harassment including assault and date rape, or to regulate unsanitary or unsafe conditions in any student residence.

(c) DEFINITIONS.—For the purposes of this section:

(1) OFFICIAL SANCTION.—The term "official sanction"—

(A) means expulsion, suspension, probation, censure, condemnation, reprimand, or any other disciplinary, coercive, or adverse action taken by an institution of higher education or administrative unit of the institution; and

(B) includes an oral or written warning made by an official of an institution of higher education acting in the official capacity of the official.

(2) PROTECTED ASSOCIATION.—The term "protected association" means the joining, assembling, and residing with others that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

(3) PROTECTED SPEECH.—The term "protected speech" means speech that is protected under the first

and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

SEC. 798. BINGE DRINKING ON COLLEGE CAMPUSES.

(a) SHORT TITLE.—This section may be cited as the "Collegiate Initiative To Reduce Binge Drinking".

(b) FINDINGS.—Congress makes the following findings:

(1) Many college president rank alcohol abuse as the number one problem on campus.

(2) Alcohol is a factor in the 3 leading causes of death (accidents, homicides, and suicides) for individuals aged 15 through 24.

(3) More than any other group, college students tend to consume large numbers of drinks in rapid succession with the intention of becoming drunk.

(4) 84 percent of college students report drinking alcohol during the school year, with 44 percent of all college students qualifying as binge drinkers and 19 percent of all college students qualifying as frequent binge drinkers.

(5) Alcohol is involved in a large percentage of all campus rapes, violent crimes, student suicides, and fraternity hazing accidents.

(6) Heavy alcohol consumption on college campuses can result in drunk driving crashes, hos-

pitalization for alcohol overdoses, trouble with police, injury, missed classes, and academic failure.

(7) The secondhand effects of student alcohol consumption range from assault, property damage, and unwanted sexual advances, to interruptions in study or sleep, or having to "babysit" another student who drank too much.

(8) Campus binge drinking can also lead to the death of our Nation's young and promising students.

(c) SENSE OF CONGRESS.—It is the sense of Congress that, in an effort to change the culture of alcohol consumption on college campuses, all institutions of higher education should carry out the following:

(1) The president of the institution should appoint a task force consisting of school administrators, faculty, students, Greek system representatives, and others to conduct a full examination of student and academic life at the institution. The task force should make recommendations for a broad range of policy and program changes that would serve to reduce alcohol and other drug-related problems. The institution should provide resources to assist the task force in promoting the campus policies and proposed environmental changes that have been identified.

(2) The institution should provide maximum opportunities for students to live in an alcohol-free environment and to engage in stimulating, alcohol-free recreational and leisure activities.

(3) The institution should enforce a "zero tolerance" policy on the illegal consumption of alcohol by students at the institution.

(4) The institution should vigorously enforce the institution's code of disciplinary sanctions for those who violate campus alcohol policies. Students with alcohol or other drug-related problems should be referred for appropriate assistance.

(5) The institution should adopt a policy of eliminating alcoholic beverage-related sponsorship of on-campus activities. The institution should adopt policies limiting the advertisement and production of alcoholic beverages on campus.

(6) The institution should work with the local community, including local businesses, in a "Town/Gown" alliance to encourage responsible policies toward alcohol consumption and to address illegal alcohol use by students.

SEC. 799. SENSE OF THE SENATE REGARDING HIGHER EDUCATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) Higher education must be kept affordable for all families as the number of students attending institutions of higher education in the 1995–1996 academic year reached 19,400,000 students at all levels.

(2) According to the College Board's Annual Survey of Colleges, 1997–1998 undergraduate students at United States colleges will pay on average, approximately 5 percent more for the 1997–1998 academic year in tuition and fees at 4-year institutions of higher education than the students paid for the 1996–1997 academic year, and from 2 to 4 percent more for the 1997–1998 academic year in tuition and fees at 2-year institutions of higher education than the students paid for the 1996–1997 academic year.

(3) From academic years 1980–1981 to academic years 1994–1995, tuition at 4-year public colleges and universities increased 234 percent, while median household income rose only 82 percent, and as a result, families now spend nearly twice as much of their income on college tuition as families did in 1980.

(4) A college education has become less affordable as undergraduate public school tuition has increased substantially in the years preceding 1998.

(5) In the 1997–1998 school year, average undergraduate tuition and fees—

(A) for public 4-year institutions of higher education were $3,111, representing a 97 percent increase from the 1988–1989 school year; and

(B) for private 4-year institutions of higher education were $13,664, representing an increase of 71 percent from the 1988–1989 school year.

(6) In the 1996–1997 academic year—

(A) over $580,000,000 in Federal Supplemental Educational Opportunity Grants were disbursed to more than 990,000 students;

(B) $760,000,000 in Federal funds supported more than 700,000 students in the Federal Work-Study Program; and

(C) more than 700,000 students borrowed approximately $940,000,000 in Federal Perkins Loans.

(7) In the 1996–1997 academic year, Federal loan programs provided over $30,000,000,000 in financial aid to students.

(8) Student financial aid in the form of loans is disproportionate to the amount of financial aid received through grants. In 1980, approximately 40 percent of Federal student financial aid was distributed through loans. In the 1996–1997 academic year, 60 percent of Federal, State, and institutional student financial aid was distributed through loans.

(9) As the proportion of Federal grants continues to decline, students and families will have to consider alternative ways to finance a college education.

(10) In the 1970s, Federal Pell Grants financed ¾ of the costs at a public 4-year institution of higher education and ⅓ of the costs at a private 4-year institution of higher education. In contrast, in the 1996–1997 academic year, Federal Pell Grants financed ⅓ of the costs at a 4-year public institution of higher education and ⅐ of the costs at a private 4-year institution of higher education.

(11) While student dependence on Federal loans programs has increased, the default rate on those loans has decreased. According to the Department of Education, in fiscal year 1990, the national default rate on federally insured student loans was 22.4 percent. In fiscal year 1994, the national default rate declined to 10.4 percent.

(12) The National Commission on the Cost of Higher Education concluded in the report of the National Commission that Federal student aid grants have not contributed to increases in tuition while the evidence is inconclusive regarding the impact of Federal student loans on increases in tuition.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the cost of tuition at institutions of higher education continues to increase at a rate above the Consumer Price Index, affecting the nearly 20,000,000 students at all levels, resulting in an increase in the number of students seeking Federal loans and Federal grants;

(2) efforts should be made to address the disproportionate share of Federal student aid in the form of Federal student loans compared to Federal student grants available for students at institutions of higher education; and

(3) Federal incentives provided to public and private institutions of higher education may be an effective way to limit tuition growth.

SEC. 799A. SENSE OF CONGRESS REGARDING TEACHER EDUCATION.

(a) FINDINGS.—Congress finds that—

(1) the education of teachers is a university-wide responsibility requiring the integration of subject matter and teacher education course work across faculties with multiple site-based clinical learning experiences;

(2) teachers well prepared in both subject matter and good professional practice are essential to raising the achievement levels of our Nation's students, especially in mathematics and the sciences;

(3) teacher educators, substantive experts, and kindergarten through grade 12 teachers need to interact with one another through shared experiences that incorporate school-site-based knowledge into the teacher preparation curriculum;

(4) partnerships between practitioners and academics working together in all phases of teacher education improve the quality of such education and create incentives for teachers to pursue excellence in their teaching;

(5) individuals may be more likely to choose teaching as a career if more flexible teacher preparation programs, tailored to the needs and experiences of the individuals, with multiple entry points and pathways into the teaching profession, are made available;

(6) strong leadership skills of school principals are essential to improving the quality of teaching and academic achievement of all students;

(7) collaboration among teacher educators, other university faculty, elementary and secondary schools, and community colleges facilitate, strengthen, and renew all the individuals and entities participating in the collaboration.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Federal programs, including the Federal Work-Study Programs, should encourage students, particularly prospective teachers, to become involved in supervised tutoring and mentoring activities in kindergarten through grade 12 schools;

(2) institutions of higher education, kindergarten through grade 12 schools, local educational agencies, States, and the Department of Education should enter into partnerships to identify and prepare promising candidates as future education leaders and to provide continuing professional development opportunities to current principals and other education leaders;

(3) options for access to teacher preparation programs and new avenues to careers in teaching should be expanded to reach professionals seeking second ca-

reers and individuals whose prior experiences encompass critical subject areas such as mathematics and the sciences;

(4) partnerships between institutions of higher education and kindergarten through grade 12 schools should emphasize contacts between faculty and the business community to align expectations for academic achievement to create a more seamless transition for students from secondary to postsecondary schools and to the workplace; and

(5) Congress should focus on identifying, replicating, and facilitating the expansion of exemplary partnerships between institutions of higher education and kindergarten through grade 12 schools, with particular emphasis on partnerships targeted toward fostering excellence in kindergarten through grade 12 school leadership, attracting and preparing qualified professionals for new careers in teaching, helping teachers incorporate technology into curricula, and aligning the curricula and expectations for student achievement in secondary schools and institutions of higher education, and for the workplace.

SEC. 799B. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

Title II of the Department of Education Organization Act (20 U.S.C. 3411 et seq.) is amended by adding at the end the following:

"SEC. 219. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

"(a) ESTABLISHMENT.—There shall be in the Department a Liaison for Proprietary Institutions of Higher Education, who shall be an officer of the Department appointed by the Secretary.

"(b) APPOINTMENT.—The Secretary shall appoint, not later than 6 months after the date of enactment of the Higher Education Amendments of 1998 a Liaison for Proprietary Institutions of Higher Education who shall be a person who—

"(1) has attained a certificate or degree from a proprietary institution of higher education; or

"(2) has been employed in a proprietary institution setting for not less than 5 years.

"(c) DUTIES.—The Liaison for Proprietary Institutions of Higher Education shall—

"(1) serve as the principal advisor to the Secretary on matters affecting proprietary institutions of higher education;

"(2) provide guidance to programs within the Department that involve functions affecting proprietary institutions of higher education; and

"(3) work with the Federal Interagency Committee on Education to improve the coordination of—

"(A) the outreach programs in the numerous Federal departments and agencies that administer education and job training programs;

"(B) collaborative business and education partnerships; and

"(C) education programs located in, and involving, rural areas.".

SEC 799C. EXPANSION OF EDUCATIONAL OPPORTUNITIES FOR WELFARE RECIPIENTS.

(a) 24 MONTHS OF POSTSECONDARY EDUCATION AND VOCATIONAL EDUCATIONAL TRAINING MADE PERMISSIBLE WORK ACTIVITIES.—Section 407(d)(8) of the Social Security Act (42 U.S.C. 607(d)(8)) is amended to read as follows:

"(8) postsecondary education and vocational educational training (not to exceed 24 months with respect to any individual);".

(b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

(1) REMOVAL OF TEEN PARENTS FROM 30 PERCENT LIMITATION.—Section 407(c)(2)(D) of the Social

Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking ", or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph".

(2) EXTENSION OF CAP TO POSTSECONDARY EDUCATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking "vocational educational training" and inserting "training described in subsection (d)(8)".

SEC. 799D. ALCOHOL OR DRUG POSSESSION DISCLOSURE.

Nothing in this Act shall be construed to prohibit an institution of postsecondary education from disclosing, to a parent of a student, information regarding violation of any Federal, State, or local laws governing the use or possession of alcohol or drugs, whether or not that information is contained in the student's education records, if the student is under the age of 21.

SEC. 799E. RELEASE OF CONDITIONS, COVENANTS, AND REVERSIONARY INTERESTS, GUAM COMMUNITY COLLEGE CONVEYANCE, BARRIGADA, GUAM.

(a) RELEASE.—The Secretary of Education shall release all conditions and covenants that were imposed by the United States, and the reversionary interests that were retained by the United States, as part of the conveyance of

a parcel of Federal surplus property located in Barrigada, Guam, consisting of approximately 314.28 acres and known as Naval Communications Area Master Station, WESTPAC, parcel IN, which was conveyed to the Guam Community College pursuant to—

(1) the quitclaim deed dated June 8, 1990, conveying 61.45 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees; and

(2) the quitclaim deed dated June 8, 1990, conveying 252.83 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees, and the Governor of Guam.

(b) CONSIDERATION.—The Secretary shall execute the release of the conditions, covenants, and reversionary interests under subsection (a) without consideration.

(c) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the conditions, covenants, and reversionary interests under subsection (a).

SEC. 799F. SENSE OF CONGRESS REGARDING GOOD CHARACTER.

(a) FINDINGS.—Congress finds that—

(1) the future of our Nation and world will be determined by the young people of today;

(2) record levels of youth crime, violence, teenage pregnancy, and substance abuse indicate a growing moral crisis in our society;

(3) character development is the long-term process of helping young people to know, care about, and act upon such basic values as trustworthiness, respect for self and others, responsibility, fairness, compassion, and citizenship;

(4) these values are universal, reaching across cultural and religious differences;

(5) a recent poll found that 90 percent of Americans support the teaching of core moral and civic values;

(6) parents will always be children's primary character educators;

(7) good moral character is developed best in the context of the family;

(8) parents, community leaders, and school officials are establishing successful partnerships across the Nation to implement character education programs;

(9) character education programs also ask parents, faculty, and staff to serve as role models of core values, to provide opportunities for young people to apply these values, and to establish high academic standards that challenge students to set high goals, work to achieve the goals, and persevere in spite of difficulty;

(10) the development of virtue and moral character, those habits of mind, heart, and spirit that help young people to know, desire, and do what is right, has historically been a primary mission of colleges and universities; and

(11) the Congress encourages parents, faculty, and staff across the Nation to emphasize character development in the home, in the community, in our schools, and in our colleges and universities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that Congress should support and encourage character building initiatives in schools across America and urge colleges and universities to affirm that the development of character is one of the primary goals of higher education.

Attest:

Secretary.

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2d Session

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